

MEGAPESCA Lda

FRAMEWORK CONTRACT FISH/2006/20

SPECIFIC CONVENTION N°20: EX-POST EVALUATION OF THE CURRENT PROTOCOL TO THE FISHERIES PARTNERSHIP AGREEMENT (FPA) BETWEEN THE EUROPEAN COMMUNITY AND SOLOMON ISLANDS INCLUDING ANALYSIS OF THE IMPACT OF THE FUTURE PROTOCOL

Final Report

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Average exchange rates used (source: fxtop.com)

1 EUR =	2004	2005	2006	2007	2008
SDB	9.25	9.00	9.16	9.85	10.65
USD	1.24	1.24	1.26	1.37	1.47
JPY	134	137	146	161	152
AUD	1.69	1.63	1.67	1.64	1.74

Abbreviations and Acronyms

Acronym	Name	Acronym	Name
ACP	Africa, Caribbean, Pacific	IATTC	Inter-American Tropical Tuna Commission
ADB	Asian Development Bank	IEO	Instituto Español de Oceanografía
ALC	Automatic Location Communicator	IMF	International Monetary Fund
CA	Competent Authority	IUU	Illegal, Unreported and Unregulated
CBSI	Central Bank of Solomon Islands	LDC	Least Developed Country
c.i.f.	Cost, Insurance and Freight	MCS	Monitoring, Control and Surveillance
CMM	Conservation and Management Measure	MTC	Minimum Terms and Conditions
DBSI	Development Bank of Solomon Islands	NTP	National Transport Plan
DWFN	Distant-Water Fishing Nations	PAE	Party Allowable Effort
EBA	Everything But Arms	PEFA	Public Expenditure & Financial Accountability
EDF	European Development Fund	PIC	Pacific Island Country
EEZ	Exclusive Economic Zone	PNA	Parties to the Nauru Agreement
EIB	European Investment Bank	PNG	Papua New Guinea
EPA	Economic Partnership Agreement	RASFF	Rapid Alert System for Food and Feed
EPO	Eastern Pacific Ocean	RFMO	Regional Fisheries Management Organisation
FAD	Fish Aggregating Device	SPC	Secretariat of the Pacific Community
FAO	Food and Agriculture Organisation	TAC	Total Allowable Catch
FFA	Forum Fisheries Agency	TAE	Total Allowable Effort
f.o.b.	Free On Board	UN	United Nations
FPA	Fisheries Partnership Agreement	US	United States of America
FSM	Federated States of Micronesia	VDS	Vessel Day Scheme
FVO	Food and Veterinary Office	VMS	Vessel Monitoring System
GDP	Gross Domestic Product	WCP	Western Central Pacific
GSP	Generalised System of Preferences	WCPFC	Western Central Pacific Fisheries Commission

SUMMARY

1. Solomon Islands and the European Community initialled a Fisheries Partnership Agreement in February 2004 that eventually entered into force on 9 October 2006. This agreement is part of a network of three EC bilateral fisheries agreements in the Western Central Pacific Ocean which also includes Kiribati and Federated States of Micronesia. The agreement with Solomon Islands is a tuna agreement that includes fishing possibilities for a maximum of 4 tuna purse seiners and 10 surface longliners in the waters under jurisdiction of Solomon Islands. The financial contribution of the EC is a minimum of € 400,000 per year, of which 30% (€ 120,000) is earmarked for support to a multiannual programme aimed at supporting the implementation of a National Fisheries Policy. The current protocol to the Agreement expires on 8 October 2009. The agreement with Solomon Islands has a limited impact on Community budget (accounting for 0.2% of EC financial commitments for bilateral fishing agreement and 0.05% of the total budget of DG MARE).
2. Solomon Islands are an archipelagic country located in the Pacific South West 1,900 km North-East of Australia and populated by 500,000 inhabitants. Solomon Islands are included in the group of the Least Developed Countries (LDC) and are also a Small Island Developing State (SIDS). After years of economic growth, forecasts published by the International Monetary Fund and the Asian Development Bank are alarming. The logging sector is the main pillar of the national economy (66% of export earnings and 20% of Government tax revenue) but is expected to decline rapidly, reflecting the current unsustainable exploitation rates. As a consequence, forex reserves are expected to decline dramatically and Government budget might become even more dependent on International Aid, which already represents half of current Government revenues. The macro-economic future of Solomon Islands hinges critically on the success of developing other sectors of the economy, including mining, palm oil and fishing.
3. The EEZ of Solomon Island is included in the largest tuna fishing ground in the world. The contribution of the fishing sector to the national economy is significant, as it represents roughly 14% of GDP, 12% of export earnings (of which more than half originate from trade of processed tuna with the EC) and 7% of Government revenues (excluding international aid). The main contribution to the national economy is derived from the sale of fishing licences to Distant Water Fishing Nations tuna fleets (approx. € 8.1 million receipts in 2007) and through the development of a national fishing industry, which consists of a fleet of industrial tuna vessels that supply an export-oriented shore processing industry. The artisanal fishing sector contributes significantly to poverty alleviation in coastal communities.
4. Solomon Islands are an ACP country. In 2006, the EC has adopted a new strategy for a strengthened cooperation with ACP Pacific States aiming at reinforcing political dialogue and at improving delivery of aid focusing on governance, regional integration and sustainable management of natural resources, including fisheries. This last sector is not included in the focal sector of EC cooperation at national level but receives considerable support under the EC regional cooperation strategy. The 10th EDF considers a € 40 million financial envelope for management of natural resources. Several other development programmes had already been funded under the previous EDFs to improve scientific knowledge on Pacific fisheries and to foster economic development. In Solomon Islands, the EC has also supported the national fishing sector under the STABEX 1998 funding.
5. The tuna fishery of the Western Central Pacific Ocean represents more than half of world tuna catches, far ahead the Indian Ocean tuna fishery (25% of world catches), Eastern Pacific Ocean (14%) and Atlantic Ocean (8%). The catch in 2007 broke a new record at nearly 2,400,000 tonnes including 73% (approx. 1,740,000 tonnes) caught by the purse seine fleet, 10% (about 230 000 tonnes) by the longline fleet, and the remainder by other fishing fleets. The first sale value of purse seine catch was estimated close to € 1.7 billion in 2007 while longline catch value was about € 850 million. Almost 80% of purse seine catch is taken from the EEZ of the 8 coastal state signatories of the Nauru Agreement, of which Solomon Islands, Kiribati and Federated States of Micronesia are party.

6. The purse seine tuna fleet active in the Western Central Pacific Ocean totalled 213 vessels in 2007. The fishery is dominated by interests flying the flag of Japan (35 purse seiners), Taiwan (34 purse seiners) and Korea (28 purse seiners), and a maximum of 40 US purse seiners operating under a multilateral Treaty concluded between the USA and the Pacific Islands. Over these last few years, the Pacific Coastal States have developed an important fishing capacity with 41 purse seiners flagged to Papua New Guinea and 10 flagged to Vanuatu. With 3 active vessels over the last three years, EC purse seiners (Spanish flag) account for less than 1% of total purse seine fishing capacity and catch. The number of active longliners in the Western Central Pacific varies between 4,000 and 5,000 units, flying the flags of Taiwan, China, Korea or Pacific Coastal States. The EC longline fleet includes between 8 and 15 vessels targeting swordfish in the Southern latitudes. Catch of the EC longline fleet represents less than 1% of total longline catch but 14% of total reported swordfish catch.
7. The fishing strategy of the EC purse seine fleet comprises exploitation of tuna resources present in both the Eastern Pacific Ocean and in the Western Central Pacific Ocean. Fishing operations are centred on Kiribati where a logistic base has been created. The EC purse seine fleet exploits the waters of the Western Central Pacific when fishing in the Eastern Pacific is not possible (seasonal closures) or when the tuna resource is concentrated in the Western part of the Pacific Ocean as a result of the prevailing environmental conditions (such as La Niña episode in 2007/2008). Fishing operations take place in the high seas, in the EEZ of Coastal States having concluded bilateral agreements with the EC (Solomon Islands, Kiribati and Federated States of Micronesia) and in the EEZ of Tuvalu and Nauru where Spanish shipowners have negotiated private access agreements. Catches of the EC purse seine fleet in the Pacific supply predominantly the canneries controlled by Spanish interests in Ecuador but can also be sold to canneries in Thailand or in American Samoa. EC external trade data show that the EC purse seine fleet never exported raw material to Solomon Islands industries. The EC surface longliners work across all the Pacific Ocean but in southern latitudes far from the Solomon Islands EEZ.
8. The most recent evaluations of tuna resource concluded that the skipjack stock, the main target species of purse seiners, is not in an overfished state. However, yellowfin stock is at least fully exploited and there is a 50% chance that overfishing is occurring. The bigeye stock is confirmed as overfished. Scientific advice recommends a 30% reduction of fishing effort on these two last species to maintain the stocks within safe limits. The fishing effort reduction objective concerns both purse seine fleets and longline fleets.
9. The management and conservation framework of the Western Central Pacific tuna stocks falls under the competency of the Western Central Pacific Fisheries Commission (WCPFC), a RFMO to which the EC is a contracting party, and is also based on measures adopted by coastal states for fisheries in the waters under their jurisdictions. In 2008, the WCPFC adopted a range of management and conservation measures that includes fishing effort limitations in the high seas (the EC purse seine fleet effort is limited to 103 fishing days) and seasonal restrictions on the use of Fish Aggregating Devices (FAD) and a possible moratorium on fishing in certain high sea pockets. The coastal states parties to the Nauru agreement, which are the most important as far as purse seine fishing is concerned, have adopted a limitation of fishing effort in their EEZ consistent with scientific recommendations, plus a set of restrictive measures in the high sea areas neighbouring their EEZ as additional conditions attached to the fishing licences granted (prohibition of fishing in certain high sea pockets, prohibition of fishing under FAD). The arrangement implemented for limiting fishing effort is the Vessel Days Scheme (VDS). This Arrangement operates by establishing an overall limit on the number of days that can be fished by purse seine vessels operating in the EEZs of the Parties to the Palau Arrangement. Importantly, the VDS does not provide for access rights on a flag basis, but allows Coastal States to grant access to purse seine fleets they might choose to select on the basis of their own criteria. The analysis of the management and conservation framework shows that coherent groups of Coastal States can successfully impose regulatory measures on Distant Water Fishing Nations fishing fleets, which are subsequently incorporated in the overall legal framework by the competent RFMO.

10. Enforcement of management measures in the national EEZ, including fight against IUU fishing, falls under the competency of Solomon Islands Authorities. Control means include VMS, observers onboard fishing vessels, three patrol vessels and occasional external support for aerial surveillance. The Forum Fisheries Agency (FFA) provides a significant technical assistance to its Member States in this domain, notably through the centralised management of an harmonised VMS system, the maintenance of a register of authorised fishing vessels, the coordination of the regional network of observers, and the organisation of joint surveillance operations pooling the control resources of its Member States and that of supporting developed countries (Australia, France, New-Zealand, USA).
11. At National level, Solomon Islands have adopted a Fisheries Policy aiming at improving the management framework of national coastal fisheries and at obtaining increased benefits from foreign industrial tuna fleets licensed to fish in the EEZ. This latter axis considers further increase of the tuna processing capacities underpinned by a strategy to offer incentives to international tuna fleets to supply the local industries. This strategy considers the use of the VDS to favour access to foreign fleets that would bring socio-economic contributions to the national sector. Whilst the Fisheries Policy is ambitious, budget resources to implement it are scarce. The development budget of the Ministry in charge of fisheries (around € 2.5 million per year) is mainly funded by International Donors (principally New-Zealand, Japan and the EC through STABEX) with limited contribution from the State. The predictability of development budgets appears also low.
12. The utilisation of fishing possibilities negotiated under the current protocol has been good for tuna purse seiners (100% of the 4 possible fishing licences have been requested) but disappointing for surface longliners (7 licenses drawn out of 10 possible the first year, nothing thereafter). However, the reference tonnage of 6,000 tonnes, used to value the EC financial contribution, is far from having been reached. EC catches in the Solomon Islands EEZ were nil the first year of the agreement and around 600 tonnes the second year (10% of the reference tonnage). Catches in the third year are unknown as yet. These indicators show that the economic cost-effectiveness ratio of the bilateral agreement with Solomon Islands is low, and largely below the ratio estimated for EC tuna agreements in other regions. Additionally, because of the small size of the EC fleet potentially concerned by this Agreement, the contribution of the agreement with Solomon Islands to the objectives of supporting the European fishing industry (EC employment, supply of the European market) is negligible. However, the agreement is estimated to contribute to secure the competitiveness of the European tuna fleet concerned by providing a legally stable framework for access to a EEZ potentially important as part of a regional deployment strategy.
13. The partnership component included in the agreement has failed. Despite the terms of the Agreement and its associated protocol, the Joint Committee was never able to meet since the start of the Protocol. The EC and Solomon Islands never defined the components of the sectoral partnership aimed at implementing responsible fishing practices in the EEZ and at promoting EC investment. The analysis of the budget of the Ministry in charge of fisheries indicates that the part of the EC financial contribution earmarked for sectoral support (€ 120,000 per year) has most likely been used for other purposes. The sectoral partnerships with the two other Pacific third countries subject to agreements (Kiribati and Micronesia) have been until now at the same low level.
14. However, despite the disappointing achievements of the current agreement, there is an interest to conclude a new protocol. The EC purse seine fleet needs to maintain access to the EEZ of Solomon Islands in a context of limitation of its fishing rights in the high seas and further restrictions on fishing in the Eastern Pacific for conservation purposes. The interest in a new protocol to the Agreement is also political. The EC which has adopted a new cooperation strategy with Pacific ACP States and which has made strong commitments to combat IUU fishing, needs to keep a framework for sectoral policy dialogue with Coastal States. The continuation of the agreement with Solomon Islands is also important under the ambitious objective of preparing a regional fishing agreement with the 8 parties to the Nauru Agreement, according to the possibilities for reform of bilateral fisheries agreements promoted in the Green Paper. As far as the Solomon Islands are concerned, a new agreement will secure multiannual budget revenues much needed to preserve the stability of the macro-economic

framework. In addition, the Agreement will provide the Ministry in charge of fisheries with recurrent national source of funding of its development budget complementary to International Aid.

15. The continuation of the Fisheries Partnership Agreement policy with Pacific third countries along the lines adopted by the Council, and the preparation of a more ambitious regional fishing agreement both require that the European Commission should mobilise adequate resources. This has not been the case so far. A centralised management of these Pacific agreements from the Commission's headquarters is not a viable solution. Even though the Pacific region represents a small proportion of EC payments for bilateral fishing agreements (less than 1%), the Commission should consider the assignment in the Pacific of a dedicated staff in charge of the daily monitoring of the Pacific Agreements, in order to maintain the credibility of its policy in the Pacific as well as in other regions of the world.

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RESUME

1. Les Iles Salomon et la Communauté européenne ont paraphé en février 2004 un Accord de Partenariat dans le domaine de la Pêche qui est entré finalement en vigueur le 9 octobre 2006. Cet Accord fait partie d'un réseau de trois Accords dans la région du Pacifique Central et Occidental qui inclut également le Kiribati et les Etats Fédérés de Micronésie. L'Accord avec les Salomon est un accord thonier qui prévoit l'accès d'un maximum de 4 thoniers senneurs et de 10 palangriers de surface à la ZEE sous juridiction. La contribution financière de la CE est au minimum de 400 000 € par an dont 30% (120 000 € par an) sont réservés au soutien à un programme pluriannuel venant en soutien à la mise en œuvre de la Politique Nationale de la Pêche. Le protocole d'Accord en cours expire le 8 octobre 2009. L'accord avec les Iles Salomon est de portée financière limitée pour le budget des Communautés (0,2% des engagements financiers de la CE sous les accords bilatéraux et 0,05% du budget total de la DG MARE).
2. Les Iles Salomon forment un archipel situé dans le Pacifique Sud-Ouest à 1 900 km dans le Nord-Est de l'Australie et peuplé d'environ 500 000 habitants. Les Salomon font partie du groupe des 50 pays les moins avancés (PMA) et sont en outre classés dans la catégorie des Petits États Insulaires en Développement. Après des années marquées par une forte croissance, les prévisions économiques publiées par la Banque Asiatique de Développement et le Fonds Monétaire International sont plutôt alarmantes. L'exploitation forestière, qui constitue le principal pilier de l'économie nationale (66% des recettes à l'export et 20% des recettes fiscales du pays), devrait décroître sensiblement dans le futur en raison de taux d'exploitation non-soutenables. L'une des conséquences de cet affaiblissement sera une baisse très sensible des réserves de change, et un budget national qui reposera de plus en plus sur les apports de l'aide internationale, qui représente déjà la moitié des recettes budgétaires. L'avenir macro-économique des Iles Salomon repose sur les capacités nationales à développer d'autres secteurs de l'économie dont l'exploitation minière, l'huile de palme et la pêche.
3. La ZEE des Iles Salomon fait partie de la plus grande zone de pêche thonière du monde. La contribution du secteur de la pêche à l'économie nationale est importante car elle représente environ 14% du PIB, 12% des recettes à l'exportation (dont plus de la moitié résultant du commerce de thons transformés avec la CE) et 7% des recettes du Gouvernement hors aide internationale. La contribution à l'économie est apportée à titre principal au travers de la vente d'accès à la ZEE à des flottes de pêche thonière étrangères (env. 8,1 M€ de recettes en 2007) et par le développement d'une industrie nationale qui comprend une flotte de navires thoniers de type industriels qui approvisionnent une industrie exportatrice de transformation à terre. Le secteur de la pêche artisanale apporte également une contribution sensible à la lutte contre la pauvreté dans les communautés côtières.
4. Les Iles Salomon font partie du groupe des Etats ACP. En 2006, la CE a adopté une nouvelle stratégie de coopération avec les Etats ACP du Pacifique visant à renforcer le dialogue politique et à mieux cibler son aide sur les secteurs de la gouvernance, de l'intégration régionale et de la gestion des ressources naturelles, dont la pêche. Ce secteur ne fait pas partie du domaine de concentration de la coopération de la CE à l'échelle nationale, mais bénéficie d'un soutien important au travers de la stratégie de coopération régionale. Le 10^{ème} FED (2008-2013) prévoit ainsi de réserver 40 M€ au domaine de la gestion des ressources naturelles. Plusieurs programmes ont déjà été financés sous les FED précédents pour améliorer les connaissances scientifiques sur pêcheries du Pacifique et rechercher des axes de développement économique. A noter que pour les Iles Salomon, la CE a pu intervenir dans le domaine de la pêche grâce à des fonds du STABEX 1998.
5. La pêcherie thonière du Pacifique Central et Occidental est à l'origine de plus de la moitié des captures mondiales de thonidés, loin devant la pêcherie de l'océan indien (25% des captures mondiales), du Pacifique oriental (14%) et de l'océan Atlantique (8%). Les captures en 2007 ont atteint un record à près de 2 400 000 tonnes, dont 73% (env. 1 740 000 tonnes) est pêché par les navires senneurs, 10% (~ 230 000 tonnes) par les palangriers, et le solde par des engins de pêche divers. La valeur à la première vente des captures des senneurs était estimée proche de 1,7 milliards € en 2007, celle des palangriers à environ 850 M€. Près de

80% des captures des senneurs sont réalisées dans les ZEE de 8 pays tiers signataires de l'accord de Nauru dont font notamment partie les Iles Salomon, le Kiribati et la Micronésie.

6. La flotte de pêche des senneurs actifs dans le Pacifique Central et Occidental comptait 213 navires en 2007. La pêcherie est dominée par des intérêts battant pavillon du Japon (35 senneurs), de Taiwan (34 senneurs) et de Corée (28 senneurs), ainsi que par une flotte de senneurs des USA exerçant au travers d'un accord multilatéral (40 senneurs au maximum). Les Etats insulaires du Pacifique Sud ont développé une capacité de pêche importante ces dernières années avec près de 41 senneurs de Papouasie Nouvelle Guinée et 10 du Vanuatu. Avec 3 navires actifs ces trois dernières années, les senneurs de la CE (pavillon Espagne) ne représentent qu'environ 1% de la capacité de pêche à la senne et des captures totales. Le nombre de palangriers actifs dans le Pacifique Central et Occidental varie entre 4 000 et 5 000 unités battant pavillons de Taiwan, de la Chine, de Corée ou des Etats insulaires du Pacifique. La flotte palangrière de la CE compte entre 8 et 15 navires spécialisés sur l'exploitation de l'espadon dans les latitudes australes. Les captures palangrières européennes représentent moins de 1% des captures totales mais 14% des prises d'espadon déclarées.
7. La stratégie des senneurs européens privilégie une exploitation des ressources thonières du Pacifique Oriental et de celles du Pacifique Central et Occidental. Les opérations de pêche sont centrées autour du Kiribati où une base d'escale a été créée. Les senneurs de la CE exploitent les eaux du Pacifique Central et Occidental quand la pêche n'est pas possible dans le Pacifique Oriental (fermetures saisonnières) ou quand les conditions environnementales font que la ressource se concentre dans la partie Ouest du Pacifique (épisode La Niña comme en 2007/2008). Les opérations de pêche se déroulent en haute mer, dans les ZEE des trois pays côtiers avec lesquels la CE a conclu des accords bilatéraux, et dans les ZEE de Tuvalu et de Nauru où les armateurs espagnols ont négocié un accord d'accès privé. Les captures des senneurs européens sont destinées principalement aux conserveries contrôlées par des intérêts espagnols en Equateur mais peuvent être également vendues en Thaïlande ou aux Samoa Américaines. Les données du commerce extérieur européen indiquent que les senneurs de la CE n'ont pas vendu de matières premières aux industries des Iles Salomon. Les palangriers de surface européens travaillent également sur toute la largeur du Pacifique mais dans les latitudes australes loin de la ZEE des Iles Salomon.
8. Les dernières évaluations de la ressource thonière indiquent que le stock de listao, principale espèce cible des senneurs, est dans un état satisfaisant. Par contre, le stock d'albacore serait dans un état de pleine exploitation avec un risque de situation de surpêche, et le stock de patudo est dans un état de surpêche avéré. Les avis scientifiques recommandent par conséquent une réduction de 30% de l'effort de pêche sur ces deux espèces afin de maintenir les stocks dans les limites de viabilité. L'objectif de réduction de l'effort concerne aussi bien les flottes de senneurs que les flottes palangrières.
9. Le régime de gestion et de conservation des stocks thoniers de l'Océan Pacifique Central et Occidental repose d'une part sur la *Western Central Pacific Fisheries Commission* (WCPFC), une ORGP dont la CE est partie contractante, et d'autre part sur les mesures adoptées par les pays côtiers pour ce qui concerne les pêcheries dans les zones sous juridiction. La WCPFC a adopté en 2008 un ensemble de mesure de conservation et de gestion qui intègrent une limitation de l'effort de pêche des senneurs dans les zones de haute mer (la flotte des senneurs de la CE est limitée à 103 jours de pêche) plus des restrictions saisonnières portant sur l'utilisation de dispositifs de concentration des poissons (DCP) et un possible moratoire sur la pêche en haute mer. Les pays côtiers les plus importants pour la pêche à la senne, soit les pays signataires de l'accord de Nauru dont font partie les Iles Salomon, ont adopté le principe d'un gel du niveau de l'effort de pêche à des niveaux compatibles avec les avis scientifiques, plus des restrictions dans des zones de haute mer adjacentes à leurs ZEE comme conditions additionnelles à l'obtention de licences de pêche dans leurs zones (interdiction de pêche dans certaines zones de haute mer, interdiction de pêche sous DCP). Le mécanisme mis en œuvre pour limiter l'effort est celui du *Vessel Days Scheme* (VDS) qui fixe un maximum de nombre de jours de pêche que pourront utiliser les flottes de senneurs dans les ZEE des pays signataires de l'accord de Nauru, et qui répartit ce nombre maximum entre les parties à l'accord. Elément important, le VDS n'intègre plus de droits d'accès sur la

base du pavillon du navire, mais autorise les pays côtiers à allouer les jours de pêche aux flottes qu'ils choisissent de privilégier en fonction de leurs propres critères. L'analyse du régime de gestion et de conservation des pêcheries montre que les pays côtiers du Pacifique regroupés en ensembles cohérents arrivent à imposer des règles contraignantes aux flottes de pêche lointaines et qui sont ensuite reprises par l'ORGP compétente.

10. Le contrôle du respect des mesures de gestion, y compris la lutte contre la pêche INN, dans la ZEE nationale est de la responsabilité des autorités des Iles Salomon qui disposent de quelques moyens de contrôle (VMS, observateurs embarqués ainsi que trois patrouilleurs plus appuis ponctuels extérieurs). Le *Forum Fisheries Agency* (FFA) apportent une assistance technique importante à ses Etats membres dans ce domaine notamment par la gestion d'un système de VMS harmonisé, le maintien d'un registre centralisé des navires autorisés, la coordination du réseau d'observateurs embarqués et l'organisation d'opérations de surveillance conjointes mettant en commun les moyens des Etats membres du FFA plus ceux apportés par des pays développés (Australie, France, Nouvelle-Zélande, USA).
11. A l'échelon national, les Iles Salomon ont adopté une politique des pêches qui vise notamment à améliorer le cadre de gestion des pêcheries nationales côtières et à capter davantage de bénéfices de l'activité des flottes thonières nationales et internationales autorisées à pêcher dans leurs eaux. Ce dernier axe considère le développement de capacités de transformation des thonidés à terre appuyé par une stratégie pour inciter les flottes thonières internationales à les approvisionner en matière première. Cette stratégie considère l'utilisation du cadre du VDS pour favoriser les flottes étrangères qui apporteront une contribution socio-économique au secteur national. Si la politique est ambitieuse, les ressources budgétaires pour la mettre en œuvre d'avèrent limitées. Le budget de développement du Ministère de la Pêche (autour de 2,5 M€ par an) est constitué en grande majorité de l'aide extérieure des bailleurs (principalement la Nouvelle-Zélande, le Japon et la CE au travers des fonds STABEX) avec peu de ressources nationales. La prévisibilité des budgets de développement s'avère également très faible.
12. L'utilisation des possibilités de pêche négociées sous le protocole en cours a été bonne pour les thoniers senneurs (100% des 4 licences possibles ont été sollicitées) mais plus décevante pour les palangriers (7 licences sur 10 la première année, plus rien ensuite). Cependant, le tonnage de référence de 6 000 tonnes qui entre dans l'assiette du paiement de la contrepartie financière de la CE est loin d'avoir été atteint. Le total des captures dans la ZEE des Iles Salomon a été nul la première année et de l'ordre de 600 tonnes la deuxième année (10% du tonnage de référence). Les captures pour la troisième année ne sont pas encore connues. Ces indicateurs permettent de vérifier que le rapport coût efficacité économique de l'accord avec les Iles Salomon est défavorable et très au dessous de celui relevé pour les accords thoniers dans d'autres régions. En outre, du fait de la modestie de la taille des flottes européennes concernées par cet accord, la contribution aux objectifs communautaires de soutien au secteur de la pêche européen (emploi, approvisionnement du marché) est négligeable. L'accord apporte cependant un gain de compétitivité à la flotte des senneurs concernés en permettant un accès juridiquement stable à une ZEE potentiellement importante au sein d'une stratégie régionale.
13. L'aspect partenariat sectoriel qui faisait partie intégrante de l'accord a été manqué. Malgré les dispositions de l'Accord et du Protocole associé, aucune réunion de la Commission mixte n'a eu lieu depuis l'entrée en vigueur de l'accord. La CE et les Iles Salomon n'ont pas défini les axes de la coopération sectorielle visant à instaurer des pratiques de pêche responsables dans la ZEE et à promouvoir l'investissement européen. L'analyse du budget du Ministère de la Pêche indique que la part de la contrepartie réservée à ce soutien sectoriel (120 000 € par an) a vraisemblablement été utilisée à d'autres fins. Le partenariat sectoriel prévu avec les deux autres pays tiers du Pacifique sous accord (Kiribati et Micronésie) est pour l'instant au même niveau.
14. Malgré les résultats décevants de l'accord en cours, il existe un intérêt à renouveler le protocole à son échéance prochaine. La flotte des senneurs européens a en effet besoin de pouvoir conserver un accès à la ZEE des Salomon dans un contexte où ses droits de pêche en haute mer sont très réduits et ses possibilités de pêche dans le Pacifique Oriental se

réduisent du fait des mesures de gestion et de conservation adoptées. L'intérêt d'un nouveau protocole d'accord se trouve également au niveau politique. La CE, qui a pris des engagements de coopération vis-à-vis des Etats du Pacifique et qui s'est engagée à lutter contre la pêche illégale et à améliorer la gouvernance mondiale des pêches, doit pouvoir conserver un cadre de dialogue sectoriel avec les pays côtiers. La poursuite d'un accord avec les Salomon s'avère également importante dans l'optique plus ambitieuse de la préparation d'un accord de portée régionale avec les 8 pays signataires de l'accord de Nauru sur la lancée des pistes de réforme des accords bilatéraux proposées dans le Livre Vert. En ce qui concerne les Iles Salomon, un nouvel accord permettra au Gouvernement de sécuriser sur une période pluriannuelle une partie des recettes en devises cruciales pour la stabilité du cadre macro-économique, et au Ministère des Pêches de pouvoir réserver sur la même période pluriannuelle un budget d'origine nationale utilisable pour soutenir la mise en œuvre de la politique de la pêche en complément de l'action des bailleurs de fonds internationaux.

15. La poursuite des accords de pêche bilatéraux avec les pays tiers du Pacifique conformément à leurs objectifs, ainsi que la préparation d'un accord plus ambitieux de portée sous-régionale, exige cependant que la Commission se dote des moyens pour y parvenir, ce qui n'a pas été le cas sur la période récente faute de ressources disponibles. La gestion centralisée de ces accords depuis le siège de la Commission n'est pas une solution viable. Malgré le fait que les accords du Pacifique ne représentent qu'une petite partie (moins de 1%) des engagements communautaires sous les accords bilatéraux, la Commission devrait envisager l'affectation dans le Pacifique d'un agent chargé de la gestion courante de ces accords sous peine d'affaiblir la crédibilité de ce volet de sa politique externe dans le Pacifique mais aussi dans d'autres régions du monde.

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INTRODUCTION

In February 2004, the European Community and Solomon Islands initialled the first ever fishing agreement between the two parties. The Fisheries Partnership Agreement eventually entered into force on 9 October 2006 upon completion of the ratification procedures. The current 3 year protocol setting out fishing possibilities and payments expires on 8 October 2009.

This Agreement provides tuna only fishing possibilities for EU vessels fishing in the waters of the Solomon Islands. It includes fishing possibilities for up to 4 purse seiners and 10 surface longliners in the EEZ of Solomon Islands. Although the protocol considered a possible increase of the number of fishing licences for purse seine vessels from the second year of the protocol, the fishing possibilities have remained unchanged throughout.

The Agreement also establishes a framework for partnership between the two parties with a view to defining a fisheries policy in the Solomon Islands and identifying the appropriate means to implement it, according to the EC policy to move from access agreements to Partnership Agreements aiming to strengthen the conditions to achieve sustainable fisheries.

The EU financial contribution amounts at € 400,000 per year including 30% (€ 120,000) devoted to financial support to the implementation of the multi-annual sectoral programme supporting the partnership presented above. The contribution is based on a reference tonnage of 6,000 tonnes valued at € 65 per tonne like under all other tuna fishing agreements concluded by the EC. Having been initialled before the 2004 Council conclusions on the proposed 2002 reform of bilateral access agreements, the financial contribution could not include a specific additional envelope to be used for the promotion of sustainable and responsible fishing in Solomon Islands waters.

The Fisheries Partnership Agreement with Solomon Islands is part of a network of three tuna agreements with other ACP coastal States in the Pacific Ocean. The first agreement in the Pacific region with Kiribati started in 2003 and was renewed in 2006 in response to a need expressed by EC tuna operators to deploy fishing operations in what remains the most productive tuna fishing ground in the World. It was followed by the agreement with Solomon Islands (entered into force in 2006) and Federated States of Micronesia (entered into force in 2007).

The purpose of this evaluation study is to provide the European Commission with the data and technical analyses needed to prepare the negotiation of a new protocol of Fisheries Partnership Agreement (FPA) between the Community and Solomon Islands. Findings from this report could also be used to evaluate the Community policy with regard to this Agreement and to provide a basis for possible future negotiations.

This final report presents information collected from various sources, including the European Commission and the professional association grouping EC shipowners concerned by the utilisation of fishing possibilities. It also includes the findings of a mission in Solomon Islands that took place between 15th June and 23rd June 2009 during which discussions could be held with Solomon Islands stakeholders to the agreement (Authorities, private sector). The mission also took advantage of the presence of FFA headquarters in Honiara to meet with representatives of this regional fishing organisation and discuss issues related to the regional coordination of MCS activities and the legal obligations stemming from the regional fisheries Treaties in force having an impact on foreign access to the regional tuna resource.

1. GENERAL BACKGROUND

1.1. Geography

The Solomon Islands form an archipelago in the Southwest Pacific about 1,900 kilometres northeast of Australia. With terrain ranging from ruggedly mountainous islands to low-lying coral atolls, the Solomon Islands stretch in a 1,450-kilometer chain southeast from Papua New Guinea across the Coral Sea to Vanuatu.

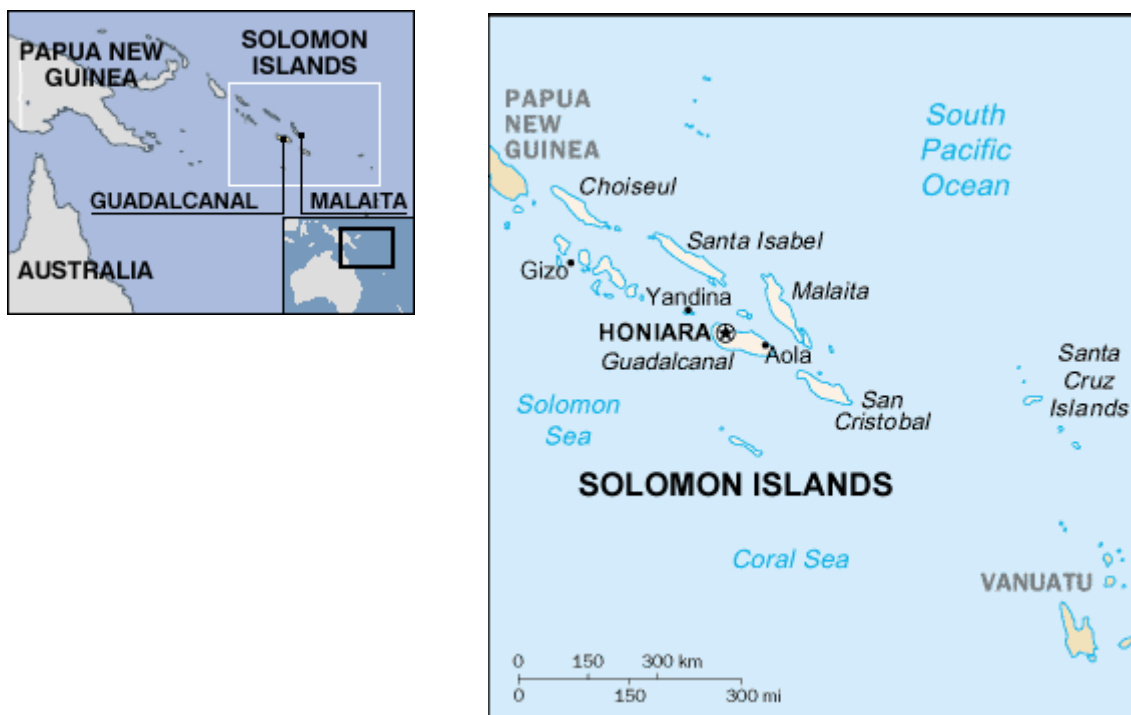


Figure 1: Maps of Solomon Islands

The main islands of Choiseul, New Georgia, Santa Isabel, Guadalcanal, Malaita, and Makira have rainforested mountain ranges of mainly volcanic origin, deep narrow valleys, and coastal belts lined with coconut palms and ringed by reefs. The smaller islands are atolls and raised coral reefs. The Solomon Islands region is geologically active, and earth tremors are frequent. A powerful tsunami, triggered by an offshore earthquake of magnitude 8.1, struck the western Solomon Islands in April 2007, washing away hundreds of homes and taking numerous lives.

More than 90% of the islands were forested, but this has come under severe pressure from current logging operations. The coastal strips are sheltered by mangrove and coconut trees. Luxuriant rainforest covers the interiors of the large islands. Soil quality ranges from extremely rich volcanic to relatively infertile limestone.

The EEZ of Solomon Islands covers an area of approx. 1.6 million km². By Pacific standards, it is a relatively small EEZ: Federated States of Micronesia EEZ covers an area of almost 3 million km² while the surface of the EEZ of Kiribati is of 3.5 million km². However, for comparison purpose, it should be noted that the EEZ of Solomon Islands is larger than the EEZ of Seychelles in the Indian Ocean (1.3 million km²).

1.2. Population

The population of Solomon Islands in 2007 was estimated by the United Nations at 496,000, which placed it as number 161st in population among the 193 nations of the world. In that year approximately 5% of the population was over 65 years of age, with another 40% of the population under 15 years of age (base 2008).

According to the UN, the annual population growth rate for 2005–2010 is 2.3%, with the projected population for the year 2015 at 643,000. The population density in 2007 was 17 per sq km, but there are significant variations from island to island; moreover, most mountainous and heavily wooded areas are inaccessible, and most of the population is concentrated in the coastal regions.

It was estimated by the Population Reference Bureau that 18% of the population lived in urban areas in 2001. The most populous islands are Malaita and Guadalcanal. Honiara, on Guadalcanal, is the largest town and chief port. Also the capital city, Honiara had a 2007 population of 66,000. According to the United Nations, the urban population growth rate for 2005 - 2010 is 4.1%.

1.3. Macro-economic situation of Solomon Islands

1.3.1. General situation and outlook

Solomon Islands are one of the 50 Least Developed Countries (LDC) according to the UN classification. With a GDP measured by purchasing power parity (PPP) of 2 031 USD / capita, the country ranks 141st out of 170 countries with data (roughly at the same level than Comoros in the Indian Ocean). Its Human Development Index is 0.602 which gives the country a rank of 129th out of 177 countries with data, an index comparable to that of India. Solomon Islands are also classified by the UN as a Small Island Developing State (SIDS) as are most, if not all, the Pacific Island Countries (PICs).

According to the analysis of the Asian Development Bank, economic growth remained relatively high at 6.4% in 2008, supported by the momentum generated when prices for export commodities were rising and by an expansionary fiscal policy. Growth was below the 10.3% seen in 2007, when high rates of logging (and 29.6% growth) accounted for an estimated one quarter of economic growth, 66% of export earnings, and 16% of government revenue from internal sources.

In 2008, exports of copra, cocoa, and fisheries products grew, but log exports declined by 5.1% in US dollar terms. The US dollar value of total merchandise exports increased by 2.8% in 2008. Commercial bank credit to the private sector, including that to individuals, grew by 34.3% in 2008, after growth of 50.4% in 2007. Reflecting the expansion in aggregate demand, as well as rising prices of fuel and other imported items, inflation accelerated to average 16.5%, double the rate of 2007. On a year-on-year basis, inflation peaked at 23.5% in September and ended the year at 19.3%. Strong demand and rising costs of imports contributed to a decline in official reserves, to below the central bank's target of 3 months of import cover by year-end. The real effective exchange rate of the Solomon Islands dollar remained relatively stable. A substantial rise in development spending and, to a lesser extent, a further increase in the Government's wage bill resulted in a budget deficit for 2008, equivalent to 5.6% of GDP. In 2009, the projected budget deficit of 3.6% will likely exceed funding available from cash reserves. Government borrowing to bridge the gap is ruled out under the 2005 Honiara Club agreement¹ between the country and its official creditors. Consequently, the Government will have little choice but to reduce public expenditure, unless it can secure additional donor funding. Logging rates have been above sustainable levels since 1992, reaching five times the sustainable rate in 2007. The commercially exploitable natural forest is expected to be fully depleted in another 4 years or so. Expected softer demand for logs from China due to economic downturn this year will translate into a reduction in logging rates. That may help the environment, but also trim economic growth.

¹ The Honiara Club is a forum set up by the government of the Solomon Islands in 2005 to obtain debt relief from the country's official creditors.

Furthermore, the planned reopening of the Gold Ridge gold mine is looking uncertain as a result of difficulties in obtaining finance.

GDP growth is forecast to ease to 2.2% in 2009 and 1.7% in 2010 as logging exports decline. A larger than expected fall in logging rates could entail GDP growth, and a huge widening of the current account deficit. Inflation is expected to trend down below 10% in 2009. The central bank needs to show strong action if it is to slow the depletion in foreign reserves and maintain macroeconomic stability. The Government could assist by reducing its recurrent expenditure, particularly on wages. Additional efforts are also called for to address the structural weaknesses that threaten the sustainability of growth. Developing alternatives to logging heavily depends on improving governance, economic management, infrastructure, and the business climate.

According to the analysis carried out by the IMF under Article IV consultation carried out in 2008, the medium-term outlook hinges critically on the success of developing non-logging sources of growth, to offset the expected sharp decline in logging activity. The logging sector currently accounts for 20 percent of government tax revenues and 65 percent of exports. But logging activity is expected to decline rapidly beyond 2009 and to become negligible by 2013, reflecting the unsustainably high rates of logging. Therefore, growth in other sectors, including mining (gold and nickel), palm oil production, fishing, tourism, and the services sectors, needs to be stimulated. In particular, gold mining operations, now scheduled to start in 2010, are critical to sustaining exports and foreign reserves once logging declines.

1.3.2. The contribution of fisheries to the national economy

➤ GDP

According to estimates published by CBSI, contribution of the fishing sector to the real GDP would be close to 5%. However, this estimate does not include contribution to GDP of the processing sector (included under the manufacturing sector) nor non-monetary contribution from artisanal and subsistence activities. An ADB study published in 2001² sought to re-estimate the real contribution of the fisheries sector to the GDP and ended up on upward revised estimate of 13% for the year 1999. According to the EC funded DEVFISH project, the fisheries sector would now represent 14% of GDP in 2007.

Table 1 : Estimated real GDP of Solomon Islands. Source : CBSI

In Million SDB, index 1985=100	2005	2006	2007
Agriculture	118.1	120.5	146.4
Forestry	288.3	306.3	381.5
Fishing	104.4	130.6	110.8
Mining	-3.3	-3.3	-3.3
Manufacturing	137.1	141.0	147.6
Electricity and Water	250.6	255.0	285.6
Construction	52.9	70.6	94.6
Retail and Wholesale trade	143.3	143.3	152.6
Transport and Communication	146.7	187.6	225.9
Finance	231.7	236.0	257.8
Other services	135.4	144.2	153.8
Non-monetary Food	169.6	174.3	179.2
Non-monetary Construction	164.4	169.0	173.8
Total	1 939.2	2 075.1	2 306.3
% Fishing	5.4%	6.3%	4.8%

² The Contribution of Fisheries to the Economies of Pacific Island Countries. Report prepared for the Asian Development Bank, the Forum Fisheries Agency, and the World Bank. December 2001

➤ External trade

Forest Products from both round logs (c. 90%) and sawn timber continue to be the leading export earner for Solomon Islands and accounted for 65% of total export earnings in 2007. Fish products, whether whole or processed represented 12% of export earning in 2007 for a value of € 15.4 million.

Table 2 : Balance of external trade of Solomon Islands. Source : CBSI

In € million *	2005	2006	2007
Exports f.o.b.	85.7	106.0	130.5
<i>of which logs</i>	<i>56.7</i>	<i>70.3</i>	<i>85.1</i>
<i>of which Fish</i>	<i>9.7</i>	<i>15.9</i>	<i>15.4</i>
% Fish	11%	15%	12%
Imports c.i.f.	120.4	152.4	186.4
Balance of trade	-34.6	-46.4	-55.9

* converted from original figures in SDB

The main fisheries products exported are frozen tuna either whole or in fillets (loins) accounting for 65% of total fish export in 2007 (value of € 10.4 million). Other exports included canned tuna (27%, € 4.4 million) and sashimi grade tuna (5%, € 1 million). The following figure shows an increase in exports of canned products (mainly to countries of the sub-region) and a small decrease of exports of frozen tuna.

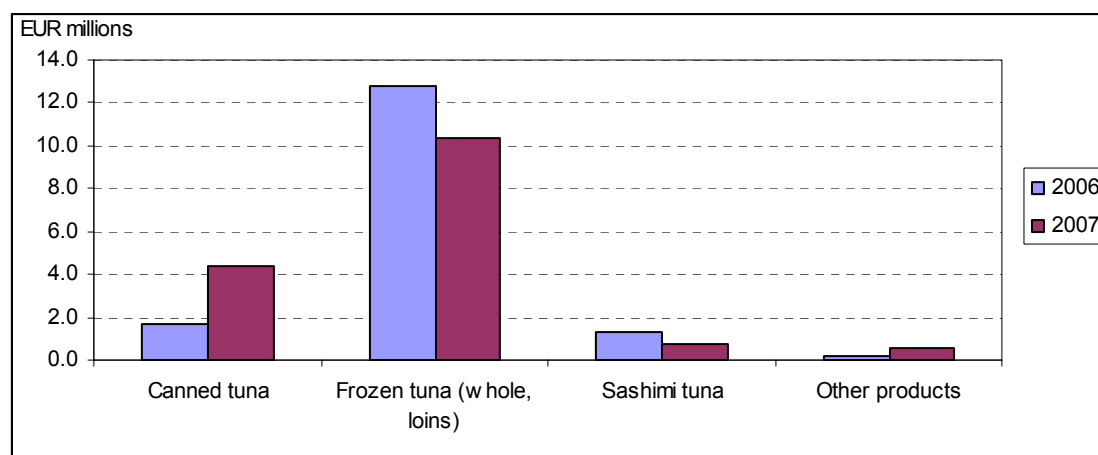


Figure 2 : Value of exports of Solomon Islands fisheries products by category in 2006 and 2007, all markets included. Source : CBSI

In terms of markets, the major export destinations are Europe, USA, Thailand, Australia, China, Japan, Hong Kong and other Pacific region countries. Imports of fisheries products into the European Community are virtually exclusively made up of loins used as raw material by the European canning industry (in Italy) with fairly small quantities of canned tuna imported into Spain (42 t in 2008). According to COMEXT data, the c.i.f. value of fisheries products exported from Solomon to the EC amounted to € 9 million in 2007, increasing to € 10.2 million in 2008. Assuming a c.i.f. additional cost equivalent to 5% of the f.o.b. price, it can be inferred that the European market absorbed 55% in value of Solomon Islands exports of fisheries products in 2007, and probably more in 2008. COMEXT data show also that there are no imports of fishery products from the EC into Solomon Islands, suggesting that European vessels do not sell catch to the Solomon Islands tuna processing industry, although some transshipments take place in ports of Solomon Islands.

Status of current Trade Relations between Solomon Islands and the EU

As of May 2009, Solomon Islands were not part of any Economic Partnership Agreement (EPA) with the EU³. Papua New Guinea and Fiji are the only Pacific ACP States to have initialled an Interim EPA with the EU so far (ultimately signed by Papua New Guinea on 30/07/2009). However, Solomon Islands are one of the countries included in the special custom arrangement for the least developed countries (Reg (EC) 732/2008) and qualify for the GSP EBA (Everything but Arms) preference regime. The rules of origin applying to Solomon Islands fishery products exported to the EC are those in force for the GSP including catch by a vessel flying the National flag with at least 50% National ownership and subject to certain restrictions in terms of nationality of crew members. Cumulation with EC products is possible, but not with any of the Solomon Islands neighbouring countries.

➤ Government revenues

The following table shows that the total revenue and grants of Solomon Islands Government was in excess of € 200 million in 2007 (IMF estimate), with about half in the form of grant-financed development funding administered by donors. The fishing industry contributes to the Government revenue notably through a contribution to international trade taxes levied at both import and export levels and payment of licence fees by national and foreign operators for licensing.

Table 3 : SI Government revenue and grants, 2005-2007. Source : IMF

in € million *	2005	2006	2007 (Est.)
Total revenue and grants	158.5	179.7	208.0
Total revenue	72.8	89.6	111.0
<i>Income and profits</i>	20.4	24.2	30.2
<i>Goods & Services</i>	22.2	25.9	34.2
<i>International trade</i>	19.2	24.2	29.3
<i>Other revenue</i>	11.0	15.4	17.2
Grants	89.7	90.1	97.1

* converted from original figures in SDB

According to the CBSI, the Ministry of Fisheries collected in 2007 the equivalent of € 9.5 millions in non-tax revenue including 85% (i.e. € 8.1 millions) for overseas resources as payment of licensing fees by foreign vessels for fishing in the Solomon Islands EEZ. These € 8.1 millions represent approximately 7% of Government total revenue (not including grants). The revenue collected in 2007 is much higher than those obtained in 2006 (€ 6.5 million). This increase is linked to favourable fishing conditions in the EEZ (warmer La Nina episode) and high prices for tuna species throughout 2007. The other major source of income from fishing licensing is made up of receipts from the US Multilateral Treaty and the FSM arrangement. In 2007, these amounted to slightly more than € 1 million (11% of total fisheries receipts), with receipts from the US Treaty representing alone about € 800,000. Other sources of income include the transshipment levies (€ 110,000 in 2007) and observer fees (€ 125,000 in 2007).

³ In a note dated Dec. 2008, the Department of Trade justifies this position by stating that there are unacceptable provisions in the EPA text such as the lack of protection for infant industries, a ban on the use of export taxation and a standstill position which would lock in the current applied tariff structure. However, the Department notes that a relaxation of the rules of origin for canned fish (global sourcing) could have been a tangible benefit, although bound to decline rapidly as soon as the Doha round completes.

The fisheries partnership agreement between the EC and Solomon Islands generates alone a revenue of roughly € 480,000⁴ per year, equivalent to a modest 0.4% of total Government revenue in 2007, not including grants and 6% of fees paid by DWFNs for access to the tuna resource present in the Solomon Islands EEZ.

➤ **Employment**

Employment data in Solomon Islands are poor. Estimates produced by the IFM suggest that formal employment in the fisheries sector was nearing 5,200 jobs in 2004, approximately 10% of the total number of employees. A yet unknown, but probably high, number of jobs is supported by the informal fishing sector (subsistence and artisanal fishing).

➤ **Food supply**

According to the latest statistics published by FAO on the food balance sheet of fish and fisheries products, consumption of such products in Solomon Islands is high by Oceania standards (47.2 kg per caput per year in Solomon compared to 23.5 kg per caput per year on average for Oceania). Fish is an important component of the diet as it is estimated to cover 81.3% of animal proteins consumption and 27.9% of total protein consumption. Most fisheries products consumed in Solomon Islands are derived from artisanal and subsistence fishing. Tuna caught by the industrial fleets in the waters of Solomon are traded on developed country markets.

1.4. Relations with the European Community and other International Donors

1.4.1. The EC cooperation strategy with Solomon Islands and the Pacific Region

➤ **Outline of the EC cooperation strategy**

The EC relations with the Pacific ACP countries are structured, and have been so for decades, first on the basis of the Lome Conventions, and now by the Cotonou Agreement. In political terms an important objective for the EC has been to underpin a successful stabilisation following decolonisation while supporting economic and social progress. Considering the political volatility experienced in a number of Pacific ACP countries, the Commission considers that this goal has not yet been convincingly attained. Research and evaluations indicate that the EC development assistance has had a positive impact in the region and that without it, growth would have been lower and social indicators poorer. However, analyses indicate that in the last decade overall economic growth remained sluggish on average and insufficient to reduce poverty.

In 2006, the Commission tabled a proposal for a strengthened partnership with the Pacific Islands (document COM (2006) 248) further adopted by the Council. The strategy proposed consists of three components:

- A strengthened relationship between the EU and ACP Pacific States and region to pursue a broad political dialogue mostly with and through the Pacific Islands Forum, but also at national level with key Pacific ACP countries in accordance with the provisions of the Cotonou Agreement

⁴ Estimate of € 400,000 financial contribution + 4 purse seiners @ € 13,000 + 10 longliners @ € 3,000: configuration of full utilisation of fishing possibilities negotiated without additional payments for catches in excess of reference tonnage.

- More focused development action on three priorities: governance, regional integration and sustainable management of natural resources. Part of the latest, fisheries is seen as a sector with great potential for cooperation, including promotion of sustainable utilisation of resources and of good governance practices.
- More efficient aid delivery: facilitation of donor coordination, a more efficient and effective cooperation with the smallest countries, and increased use of budget support are the three axis identified by the Commission. Concerning budget support, virtually not used so far, the Commission wishes to proactively support Pacific States in meeting EuropeAid eligibility criteria⁵. As a contribution to meeting these eligibility criteria, the EC led PEFA assessments of four ACP countries of the region, namely Timor-Leste, Samoa, Vanuatu and Solomon Islands (published Nov. 2008).

In a resolution adopted in Feb. 2007 (document P6_TA (2007) 0022), the European Parliament welcomed the initiative of the Commission to develop the first EU integrated strategy for the Pacific after 30 years of cooperation. The EP emphasises the potential positive role of fisheries in the development of the Pacific Islands and supports the initiative of the Commission to support MCS and fight against IUU fishing. Interestingly, the EP encourages the Commission to negotiate any future tuna agreements with the entire region, rather than with individual States, given the high degree of regional integration of fishery management functions adopted by Pacific Island Countries.

➤ **Commitments for the 2008-2013 period under the 10th EDF**

At Solomon Islands level

The Country Strategy Paper and National Indicative Programme concluded between the EC and Solomon Islands for the period covered by the 10th EDF (2008-2013) acknowledge as focal sector of EC cooperation the sustainable rural development with capacity institutional building with an indicative allocation of € 11,220,000 representing 85% of the A-envelope (€ 13,200,000⁶). The focus of EC cooperation in Solomon Islands is primarily on agriculture and forestry, but may include artisanal and subsistence fisheries. However, fisheries remain outside the focal sector of EC intervention at Solomon Islands level. The remaining support (€ 1,980,000) is allocated to a technical cooperation facility including support to the National Authorising Officer (NAO). Aid will be delivered mostly through support to projects. The B-envelope for unforeseen needs amounts to € 3,300,000.

The indicative programme does not provide for budget support, but opens the possibility to reallocate funds to this type of support, subject to a specific decision when EuropeAid eligibility criteria are met.

At Regional level

At the regional level, the two main priorities under the 10th EDF 2008-2013 are detailed in the Regional Strategy Paper and the Regional Indicative Programme approved by the EU and the 15 ACP Pacific States (that include Solomon Islands, Micronesia and Kiribati):

- regional economic integration - € 45 million available for development of human resources, key industries and trade capacity, trade arrangements and integration into the world economy. Regional integration is seen as a way of bringing stability and development to the Pacific islands.
- sustainable management of natural resources and the environment - € 40 million to support green measures, help low-lying atolls respond to rising sea-levels, protect biodiversity and support fishery development. The later includes *inter alia* initiatives to promote greater regional integration of fishery management, increase the efficiency and competitiveness of the local tuna processing industries, strengthen the region capacities to fight IUU fishing, including

⁵ The eligibility criteria for budget support can be consulted at URL http://ec.europa.eu/europeaid/how/delivering-aid/budget-support/index_en.htm

⁶ Equals € 2.2 million per year. The FPA contribution is € 0.4 million per year in total, of which € 0.12 million (30%) are allocated to support the implementation of the fisheries policy.

stock assessment and the development of the monitoring, control and surveillance strategy. Two projects drafted by SPC (SCICOFish & SMACFish, each worth € 10 million) focusing on offshore and inshore fisheries research and management development are already in an advanced submission state. A continuation of action currently supported under the DEVFISH project is also strongly considered under the form of a DEVFISH II programme.

A further € 10 million from the 10th Regional EDF will be available to cover participation of non-state actors and technical cooperation and support for the Regional Authorising Officer (RAO) for the EDF, i.e. the Pacific Islands Forum Secretariat (PIFS). Management of regional fishery development projects can be delegated to the Forum Fisheries Agency (FFA) or the Secretariat for the Pacific Community (SPC).

For comparison purposes, the following table shows that the nominal annual contribution paid to the three PICs having signed a fishing agreement with the EC equals more than € 1.4 million per year. In 2007 and 2008, Kiribati was paid an increased contribution⁷ based on EC catch in excess of the reference tonnage (see Table 10). The specific contribution to definition and implementation of the National fishery policies was initially slightly less than 400,000 € per year but is now in excess of € 500,000 per year as the percentage of the contribution for Kiribati was scheduled to increase up to 60% from 2009 onwards.

Table 4 : Summary of the main financial characteristics of fishing agreements between certain PICs and the EC. Source : Protocols

	Period	Annual contribution (€)	% sector support	Sector support (€)
Kiribati	16/09/2006-15/09/2012	478 400	30%*	143 250
FSM	26/02/2007-25/02/2010	559 000	18%	100 620
Solomon Islands	9/10/2006-8/10/2009	400 000	30%	120 000
Total		1 437 400		363 870

* increased to 40% the second year and 60% the years after.

The annualised EDF contribution to all 15 ACP Pacific States for sustainable management of natural resources and the environment is equivalent to € 6.6 million (maximum of € 40 million over 6 years)

➤ **Past EC intervention in cooperation for fisheries development at national and regional levels**

At Solomon Islands level, the Community could make use of part of the quite significant STABEX 98 funds (€ 50.1 million to be used before end 2008 and disbursed before end 2010) to fund a number of projects with relevance to fisheries development including support to the Competent Authority for sanitary certification of fisheries products exported to the EU and a pilot-project to develop an export-orientated seaweed industry. Of interest for the National fisheries sector, STABEX 98 funds have been used for the rehabilitation of wharves (Noro) and for implementation of aids to navigation. No fisheries related projects have been funded under the STABEX 99 (€ 31.9 million).

At regional level, interventions of the EC have traditionally focused on management of natural resource, with the fisheries sector seen as one of main pillar of development. Under the 9th EDF (2003-2007), the following projects have been funded to support strengthening of fisheries management including research and control:

- Pacific Regional Coastal Fisheries Development Programme (PROCFISH) under 9th EDF, contribution agreement signed with SPC (€ 10.2 million): focus on management of certain coastal fisheries and oceanic fisheries, with an extension (CoFISH, € 2 million) to cover ACP States not included under PROCFISH.
- Development of Tuna fisheries in the Pacific ACP countries (DEVFISH) under 9th EDF, contribution agreement signed with FFA (€ 3 million in total): focus on development of locally

⁷ According to catch data available, Kiribati was to be paid approximately an additional € 148,000 in 2007 and € 380,000 in 2008 (rounded figures).

based tuna industries, training to fisheries access negotiation, support to fishery policy development in certain Pacific countries. DEVFISH is due to finish Dec. 2009.

- Scientific support to Oceanic Fishery Management in the WCP area (SCIFISH) under 9th EDF, contribution agreement signed with SPC (€ 6.5 million): focus on improvement of scientific advice (data collection, stock assessment) and pilot projects on control of fishing activities (use of modern technology, including satellite-based technology to detect IUU fishing)

The Pacific Region, including Solomon Islands, will also benefit from the activities of the two large intra-ACP projects: Strengthening Fisheries Products Health Conditions (support to third countries to meet the requirements of the SPS regulations), and Strengthening Fisheries Management in ACP countries (ACP FISH II: improving institutional capacities for sustainable fisheries management in ACP countries).

Under the previous EDFs, a number of other projects focusing on fisheries had been funded at regional level including tuna tagging, port sampling or observations at sea.

1.4.2. The European Investment Bank

EIB activities in the Solomon Islands were suspended after the Development Bank of Solomon Islands (DBSI) defaulted on its repayments. The DBSI is now under administration by the CBSI and repayment of the debt to the EIB remains an issue to be resolved. However, the EIB has approved a new € 3.5 million loan to a company in the forestry sector in a joint international- national public sector venture (also supported with STABEX 98 funds) [sourced from the Country Strategy Paper for Solomon Islands for the 2008-2013 period]. Contacted in May 2009, EIB confirmed that the situation was the same but was confident that an agreement could be reached before the end of the current year and that new operation in the country could be open within the foreseeable future.

1.4.3. Other Donors

Australia provides the major part of external aid to Solomon Islands. In 2006, Australia committed the equivalent of € 58 million mainly to support Governance and Security in the country. Japan ranked second in 2006 with € 15 million spent mostly on infrastructure development. Other International donors include the EC (€ 12 million in 2006), Taiwan (€ 8 million) and New Zealand (€ 3 million still in 2006)

1.5. Status of Solomon Islands concerning technical rules governing export of fisheries products to the EC

1.5.1. Fishery Products Health Certification

Up until the present, Solomon Islands have not complied with the EC fish hygiene requirements set out in the Regulations (EC) 853/2004, (EC) No 854/2004 and (EC) No 882/2004. However the Solomon Islands was one of the eight countries listed in Annex II of Commission Decision 97/296/EC when it was repealed, and is thus one of the countries to which a transitional derogation is applied to the requirement for a specific decision of the Commission as per Reg (EC) No 2076/2005 (Annex II) until 31 December 2009. This means that the hygiene requirements are not fully harmonised, and that the CA's of importing Member States must authorise the imports on a bilateral basis, and that the products so imported may not enter intra-community trade. On this basis exports to the EC are authorised from one establishment (the tuna canning and loining owned by Soltai Fishing Ltd), one cold store (owned by National Fisheries Development Ltd) and four freezer vessels (National purse seiners owned by NFD Ltd as well). There have been no RASFF notifications since 2004.

An inspection mission was undertaken by the FVO in July 2007, with a view to assessing the compliance with EC requirements, and the possibility of making a specific decision regarding the

status of Solomon Islands. The CA is the Environmental Health Division of the Ministry of Health and Medical Services. The mission found that legislation could be considered as equivalent, and knowledge of EC requirements was adequate, along with the controls applied to the production chain. However certification procedures were found to present irregularities, one of the freezer vessels and the cold store presented serious deficiencies and storage temperatures for frozen tuna were all non-compliant. There was also a total absence of sampling and testing for hazards in fishery products and water supplies. An action plan of corrective actions was required and submitted to the satisfaction of the Commission, and DG SANCO considers now placing Solomon Islands on list I on this basis without sending a new FVO inspection mission. Obtaining the EC sanitary agreement was seen as a high priority in Solomon Islands as a condition to support the development of the National tuna processing industry. Note that the Competent Authority of Solomon Islands is expected to run on a cost-recovery basis.

In 2005, EDF supported an intervention project to strengthen the Competent Authority with technical assistance and training (independent of the EDF Funded "Strengthening fishery product health conditions in ACP Countries" project). However, this project also launched an assessment and advisory mission to the country in late 2006, as part of a regional project, and supported participation in a regional workshop in Fiji, in December of that year. The findings of the mission coincide with FVO findings, noting that:

- The attribution of powers to the different official bodies is clear. The CA is very aware of the EU regulation requirement and could work under an equivalent approach to food safety. The regulations 2005 are following the EU criteria, but some review is needed.
- The exports that occur are well under the surveillance of the CA and registers are available to prove it.
- The designated CA is completing the manuals of procedures for the inspection and auditing. The inspector dealing with the facilities visited showed a good level of awareness on the EU regulation, the national ones and the procedures in place.
- The testing laboratory under reconstruction will need technical assistance and training to put the routine to work, to draft the manuals of procedures and quality control and to go through the accreditation process.
- The on-land facilities treating fishery products in Noro could be considered as working under EU standards.

At regional level, only Papua New Guinea is the only Pacific third country on the list of countries from which imports of fishery products is permitted. Fiji was "de-listed" by the European Commission as recently as May 2008, as a result of a highly negative finding of a FVO inspection mission in July 2007.

1.5.2. Catch certification in the frame of fight against IUU fishing

The newly adopted Council regulation 1005/2008 foresees *inter alia* that as from 1st January 2010, all imports of fisheries products into the Community must be accompanied by a catch certificate (art. 12). Through this instrument, the competent authorities of the flag state country of the vessel catching the fish will certify that the catches concerned have been made in accordance with applicable laws, regulations and international conservation and management measures. This certificate shall be validated by a competent authority of Solomon Islands, and if necessary (art. 14), other documents envisaged by the certification scheme in the event of an indirect import after transit or processing of products caught by another flag State .

The acceptance of catch certificates is conditional to the notification from Solomon Islands of public Authorities empowered to attest the veracity of the information contained in catch certificates and to carry out verifications of such certificates (art. 20). In June 2009, the notification to the Commission from Solomon Islands was still pending. However, overall, it can be assumed from the findings of the field visit that Solomon Islands will have no difficulties whatsoever to comply with the regulation. The designation of the Competent Authority of Solomon Islands appears straightforward as the Ministry of Fisheries concentrates all the functions and information flows required for validation of catch certificates (including VMS, licence lists) with technical backup from the Forum Fisheries Agency. In addition and according to representatives of the private sector, exports to the EU from Solomon

Islands consist in tuna loins processed domestically out of raw material caught exclusively by tuna fishing vessels flying the national flag. Solomon Islands do not have therefore to source catch certificates from other flag States that would supply the local processing industry.

2. INFORMATION ON TUNA FISHERIES

2.1. The Tuna Fisheries in the Western Central Pacific

2.1.1. Overview

World catches of the three major tuna species (skipjack, yellowfin and bigeye) for all types of gears combined totalled over 4.1 million tonnes on average over the 2005-2007 period. The Western and Central Pacific area is the main fishing ground for tunas, cumulating 53% of world catches on average, ahead of the Indian Ocean (25%), the Eastern Pacific (14%) and the Atlantic Ocean (8%).

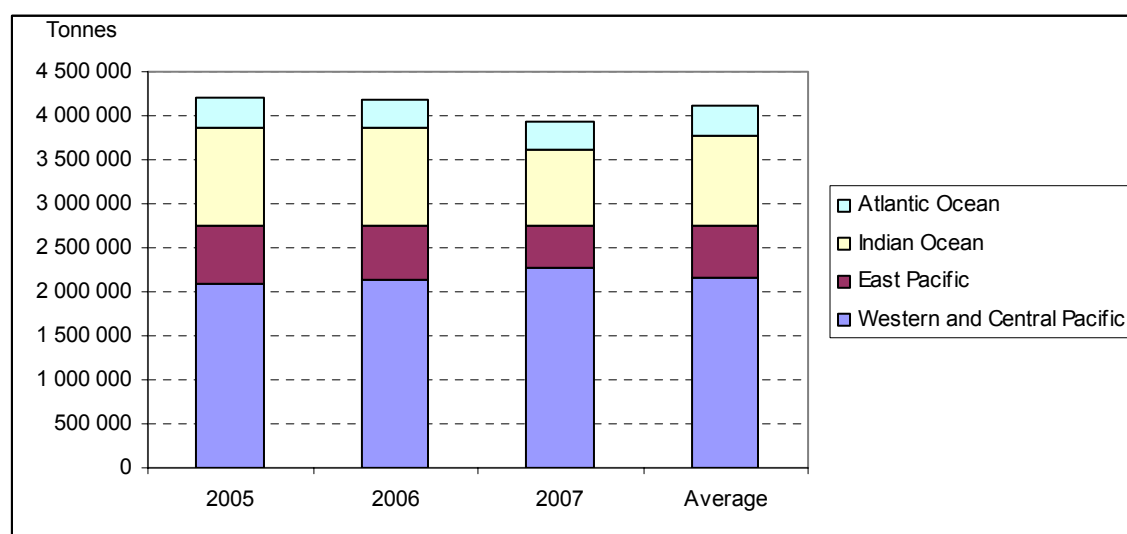


Figure 3 : Distribution of World catches of skipjack, yellowfin and bigeye across all oceans for the period 2005-2007 all types of gears aggregated. Source : FAO

The provisional total WCP tuna catch for 2007 was estimated at 2,396,815 tonnes, the highest annual catch recorded, and more than 120,000 tonnes higher the previous record in 2006 (2,273,322 tonnes). During 2007, the purse seine fishery accounted for an estimated 1,739,859 tonnes (73% of the total catch, and a record for this fishery), with pole-and-line taking an estimated 214,935 tonnes (9%), the longline fishery an estimated 232,388 tonnes (10%), and the remainder (8%) taken by troll gear and a variety of artisanal gears, mostly in eastern Indonesia and the Philippines. The WCP tuna catch (2,396,815 tonnes) for 2007 represented 84% of the total Pacific Ocean catch of 2,800,740 tonnes.

The following figure shows the distribution of catches per 5° square. Most of the WCP tuna fisheries are concentrated in the tropical area bound by 20°N and 20°S. According to FFA, the waters under jurisdiction of Parties to the Nauru agreement (the PNA)⁸ account for 80% of the catch of the equatorial purse-seine fleet and 30% of the bigeye longline fleet.

⁸ The current PNA members are Federated States of Micronesia (FSM), Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu

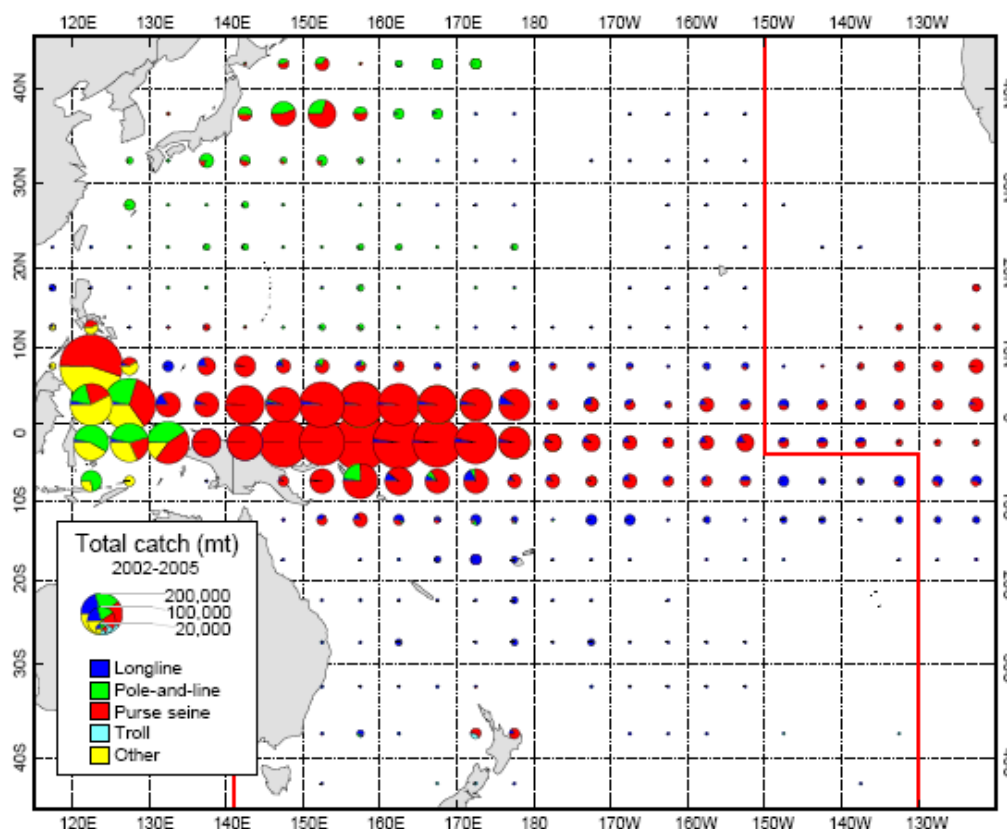


Figure 4 : Distribution of catches of tunas in the WCP area by gear over the 2002-2005 period.

The following section will review the two main fisheries in which European Community operators have some interests, namely the purse seine fishery and the longline fishery.

2.1.2. The purse seine fishery

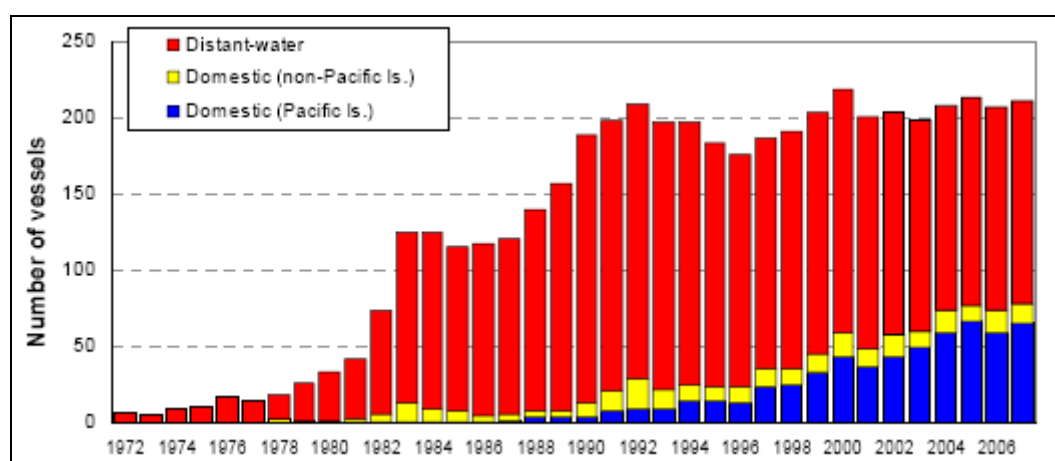
➤ Fishing fleets

During the mid-1980s, the purse seine fishery accounted for only 40% of the total catch in the WCP, but has grown in significance to a level now contributing around 73% of total tuna catch volume (1,740,000 tonnes in 2007, see next section). The majority of the historic WCP purse seine catch has come from the four main distant-water fleets (Japan, Korea, Taiwan and USA), which numbered 147 vessels in 1995, but has gradually declined in numbers to 110 vessels in 2007. In contrast, there has been a steady increase in the number of vessels from Pacific Islands fleets, which totalled 66 vessels in 2007. The remainder includes a large number of smaller vessels in the Indonesian and Philippines domestic fisheries, and a variety of other domestic and foreign fleets, including several relatively recent distant-water entrants into the tropical fishery like China, New Zealand and Spain which has a record of three vessels active in the area over the last three years. The Spanish fleet accounts for 1% of the total purse seine feet operating in the WCP area.

The next table displays the number of purse seiners operating in the WCP area by flag, and the next figure, the evolution of the purse seine fleets for three main groupings: distant-waters fishing nation fleets, domestic fleets of pacific island, domestic fleets non-Pacific islands (e.g. Philippines)

Table 5 : Number of purse seiners active in the WCP area by flag. Source : SPC

Flag	2005	2006	2007
Australia	0	3	2
China	8	9	10
FSM	6	3	4
Japan	35	35	35
Kiribati	1	1	1
Korea	28	28	28
Marshall	6	5	5
New Zealand	11	11	10
Papua New Guinea	42	40	41
Philippines	10	11	12
Solomon	3	4	5
Spain	3	3	3
Taiwan	34	34	34
USA	15	13	13
Vanuatu	8	7	10
TOTAL	210	207	213

**Figure 5 : Number of purse seiners operating in the WCP area. Source : SPC**

It should be noted that the US purse seine fleet commenced a significant rebuilding phase in late 2007 supported by Taiwanese investments, with vessels numbers in mid-2008 close to double that of recent years (25 vessels), and further increase in 2009 (close to 39 vessels).

➤ **Catches**

The provisional 2007 purse-seine catch of 1,739,859 tonnes was the highest on record, with most fleets catching more than in 2006, particularly the Taiwan, PNG and Marshall Islands fleets. The 2007 purse-seine catch was dominated by a record catch of skipjack tuna (1,472,746 tonnes – 85% of the total catch). The purse-seine skipjack catch increased by more than 500,000 tonnes (or 59%) since 2001, at an average of about 90,000 tonnes per year. The 2007 purse-seine catch of yellowfin tuna (228,426 tonnes – 13%) was lower than catches in recent years, but still higher than the average for the period since 2000 (~218,000 tonnes). The provisional catch estimate for bigeye tuna for 2007 (38,324 tonnes – 2%) was the second highest on record. The following table shows the purse seine catches by flag over the last three year. It shows that the main distant-fishing nations (e.g. Taiwan, Korea, Japan) remain at the origin of a large part of the catches in the WCP area. Some Pacific Islands domestic fleets like Papua New Guinea principally and Vanuatu and Marshall Islands to a lesser extent emerge as major players.

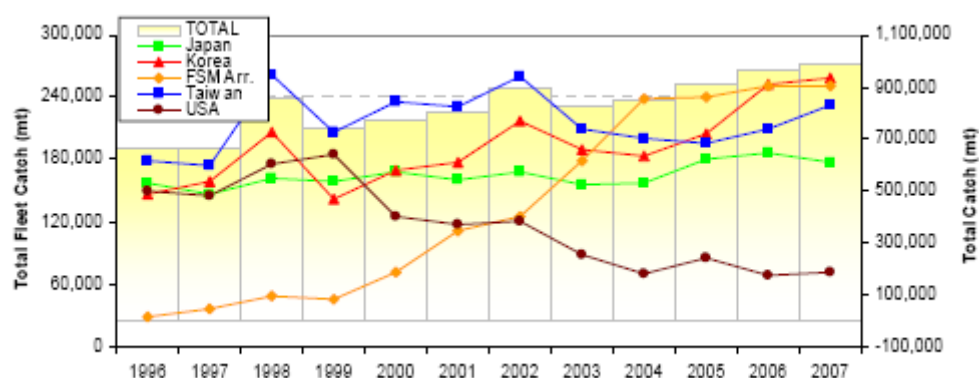
Catches by purse seiners of the European Community represent a small share of the total purse seine catches in the WCP area (around 1% over the 2005-2007 period).

Table 6 : Purse seine catches (tonnes) in the WCP by flag. Source SPC*

Flag	2005	2006	2007	Average
Australia		0	0	0
China	48 672	52 757	54 949	52 126
EPO US	4 366	4 366	4 366	4 366
FS Micronesia	28 037	10 340	13 504	17 294
Indonesia	181 095	204 600	206 696	197 464
Japan	250 816	250 247	245 632	248 898
Kiribati	7 107	4 664	5 452	5 741
Korea	204 556	251 863	258 249	238 223
Marshall	56 174	42 358	59 410	52 647
New Zealand	24 162	24 682	30 564	26 469
Papua New Guinea	219 981	208 397	219 770	216 049
Philippines	146 211	157 254	184 684	162 716
Solomon Isl.	16 432	22 320	17 310	18 687
Spain	3 432	10 862	19 747	11 347
Taiwan	195 132	210 252	232 624	212 669
USA	86 204	68 471	72 221	75 632
Vanuatu	74 746	60 963	67 021	67 577
TOTAL	1 547 123	1 584 396	1 692 199	1 607 906

* Catches data presented in this table may slightly differ from catch data used in the main text due to incomplete coverage at the time of publication of the SPC yearbook from which figures are drawn.

As shown in the following figure, the Taiwan fleet had been the highest producer in the tropical purse seine fishery until 2004, when surpassed by the combined Pacific Islands purse seine fleets fishing under the FSM Arrangement⁹. In the past two years, the Korean and FSM Arrangement fleets have been the highest producers. The fleet sizes and effort by the Japanese and Korean purse seine fleets have been relatively stable for most of this time series. Several Taiwan vessels reflagged in Pacific countries in 2002, dropping the fleet from 41 to 34 vessels. The increase in annual catch by the FSM Arrangement fleet until 2004 corresponds to an increase in vessel numbers. Catch by FSM Arrangement fleet can be expected to decrease over 2008 and 2009 as some vessels registered under the US flag.

**Figure 6 : Evolution of the catches of the five main purse seine fleets. Source : SPC**

⁹ The FSM Arrangement was developed as a mechanism for domestic vessels of the PNA to access the fishing resources of other parties. It came in force in 1995. Signatories are Federated States of Micronesia, Marshall Islands, Nauru, Palau, Papua New Guinea and Solomon Islands. The FSM Arrangement aims to: Provide access for Domestic Vessels to parties' waters on terms no less favourable than those granted to distant water fishing nations; secure maximum sustainable economic benefits from tuna resources; promote greater participation by nationals of Parties in fisheries & assist in development of national fisheries industries; allow access to vessels on terms consistent with Palau Arrangement.

The estimated delivered value of the purse seine tuna catch in the WCPFC area for 2007 is USD 2.4 billion (€ 1.7 billion) the highest level since at least 1997. This represents an increase of USD 743 million or 43% on the estimated delivered value of the catch in 2006. This increase was driven by a USD 680 million (54%) increase in delivered value of the skipjack catch, which is estimated alone to be worth USD 1.2 million in 2007, resulting from a 9% increase in catch and a 42% increase in the composite delivered price. The value of the yellowfin catch also rose to around USD 393 million with a rise of 21 per cent in the composite price being offset by an 8 per cent decline in catch.

2.1.3. The longline fishery

➤ **Fleets**

The longline fishery accounts for around 10–13% of the total WCP catches. The total number of vessels involved in the fishery has generally fluctuated between 4,000 and 5,000 for the last 30 years. The fishery involves two main types of operation:

- large (typically >250 GRT) distant-water freezer vessels which undertake long voyages (months) and operate over large areas of the region. These vessels may target either tropical (yellowfin, bigeye tuna) or subtropical (albacore tuna) species.
- smaller (typically <100 GRT) offshore vessels which are usually domestically-based, undertaking trips less than one month, with ice or chill capacity, and serving fresh or air-freight sashimi markets, or canneries specialising on albacore (white meat tuna for the US market).

According to SPC data, the number of EC longliners from Spain operating for at least part of their fishing time in the WCP area has grown from 8 vessels in 2005 to 15 in 2007 (10 in 2006). However, they represent a marginal portion of the 5,000 or so longliners operating in this area. The Spanish vessels operate on the South Pacific distant-water swordfish fishery, which is a relatively new fishery distinct from the longline fisheries exploiting tropical tunas and albacore.

➤ **Catches**

The provisional WCP longline catch of target species (232,388 tonnes) for 2007 was the lowest since 2000 and around 12% lower than the highest on record which was attained in 2004 (264,465 tonnes). The WCP albacore longline catch (76,151 tonnes – 33%) for 2007 was the lowest since 2000. The provisional bigeye catch (82,735 tonnes – 36%) for 2007 was close to the average for the period 2000–2007, and the yellowfin catch (69,857 tonnes – 30%) was the lowest for 8 years. Swordfish catches, either as a result of targeted fisheries or as by-catches of tuna fisheries, totalled 23,644 tonnes in 2007, ahead of 2006 catches (21,653 tonnes).

In terms of Nationality, the fishing fleets flying flags of Taiwan, Japan and Korea cumulates more than half of total longline catches in the WCPO. Total catches reported by Spain vary between 3,000 (2005) and 6,000 tonnes (2006) all species included (inc. oceanic sharks). Catches of swordfish by Spain are known only for 2006 (3,100 t). Overall, catches by Spanish longliners in the WCP represent less than 1% of total catches, and 14% of total declared swordfish catches.

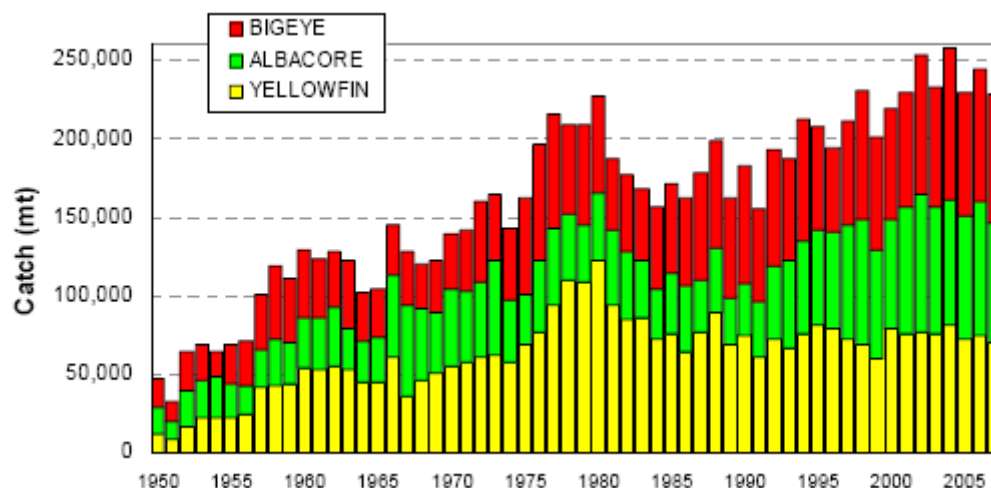


Figure 7 : Longline catch by species in the WCP area. Source : SPC

A significant change in the WCP longline fishery over the past 10 years has been the growth of Pacific Islands domestic albacore fishery, which has gone from taking 33% of the total south Pacific albacore longline catch in 1998, to accounting for over 57% of the catch in 2007. The combined national fleets making up the Pacific Islands domestic albacore fishery have numbered around 300 (mainly small “offshore”) vessels in recent years.

The estimated delivered value of the longline tuna catches in the WCPFC area for 2007 is USD 1.2 billion (€ 847 million). It rivals the much larger purse seine catch in landed value (USD 1.7 billion). This represents a decrease of USD 103 million on the estimated value of the catch in 2006. The value of the albacore catch decreased significantly by USD 78 million (35%) while the value of the bigeye catch increased by USD 33 million (5%) and the value of the yellowfin catch declined by USD 28 million (6%). The albacore catch was estimated to be worth USD 148 million in 2007 with the 35% decline being driven by 27% decrease in the composite price and a 10% decrease in catch. The bigeye catch was estimated to be worth USD 668 million with the catch declining 2% and the composite price increasing 7%. The estimated delivered value of the yellowfin catch was at USD 422 million as the 7% decline in catch more than offset the 1% rise in the composite price.

2.2. Status of stocks

The status of the three main stocks exploited in the WCP equatorial area is monitored by the Scientific Committee installed under the WCPFC. The following sections summarise the latest scientific advices produced by this Committee.

2.2.1. Skipjack

Skipjack tuna is a fast growing, short-lived species (maximum age ~3 years) that has rapid population turnover. It has high resilience to fishing and can support annual catches at the current level (1.7 million tonnes). The majority of exploitation occurs on fish that have already reached reproductive maturity (age 1+). Most skipjack therefore have the opportunity to reproduce before they are exposed to intensive fishing. According to the key conclusions of the models presented in 2007, **overfishing is not occurring and the stock is not in an overfished state**. The high recent catches are considered to be sustainable unless recruitment falls persistently below the long-term average. The WCPFC Scientific Committee did not formulate any specific management recommendation. However, it is noted that any increases in purse-seine catches of skipjack may result in a corresponding increase in fishing mortality for bigeye and yellowfin tunas.

2.2.2. Yellowfin

Yellowfin tuna has a life span of up to ~7 years of age, grows rapidly and has moderate population turnover. Yellowfin begins spawning at ~1.5–2 years of age (~100 cm fork length or 20 kg). The current catch levels are 400,000–450,000 tonnes, mainly taken in the western equatorial region of the WCPO by purse-seine and the domestic fisheries of Philippines and Indonesia. The purse-seine fishery catches juvenile yellowfin in floating-object sets (logs and fish aggregation devices, or FADs) and large yellowfin from free-school sets. Large catches of juvenile yellowfin are taken by the domestic fisheries of Philippines and Indonesia. The most recent (2007) stock assessment for yellowfin indicates that the **stock is at least fully exploited and that there is a 50% chance that overfishing is occurring**. The WCPFC Scientific Committee has recommended that fishing mortality be reduced. Most of the stock depletion is attributable to the Indonesian and Philippines domestic fisheries and the purse-seine fishery. The longline fishery has a relatively low impact on the yellowfin stock.

2.2.3. Bigeye

Bigeye tuna lives to at least 12 years of age, grows more slowly than yellowfin, has lower natural mortality, and a smaller stock size. Bigeye reaches a maximum size of ~120 kg, and begins spawning at ~3–4 years of age (~110 cm fork length or 30 kg). While the biggest component of the catch is larger fish caught by longline, significant exploitation of juveniles occurs in the purse-seine fishery setting on floating objects and in the domestic fisheries of Philippines and Indonesia. These juvenile catches have high impact on the subsequent adult population. Recent assessments show that **overfishing of bigeye tuna is currently occurring**. The WCPFC Scientific Committee has recommended that fishing mortality be reduced by a minimum of 30% from the average levels for 2003–2006. The large stock depletion is attributable to the longline fishery and, to a lesser extent, fisheries that capture juvenile bigeye tuna.

In summary, there are continued concern regarding the stock status of both yellowfin and bigeye tuna. This is not new. The WCPFC Scientific Committee has consistently recommended reductions of fishing mortality at least on bigeye since the creation of WCPFC especially in the equatorial region where both the purse seine and longline fisheries develop.

2.3. Ecosystem considerations

SPC carries out considerable research on the impact of fishing on the environment. The following summarises the most recent findings.

The tuna fisheries of the WCP principally target four main tuna species: skipjack, yellowfin, bigeye and albacore tuna. However, the method fisheries also catch a range of other species in association with these main species. Some of the associated species are of commercial value (by-product), while many others are of no value and are, consequently, discarded. There are also incidents of the capture of species of importance due to their ecological and/or social significance ('protected species'), including marine mammals, sea turtles and some species of shark (e.g. whale sharks).

Overall, catches from unassociated and associated purse-seine sets are dominated by the tuna species (99.9% and 98.6%, respectively) and there has been limited interaction with protected species. Most of the observed interactions involved unidentified species of marine mammals and few mortalities have been recorded.

Species composition of the catch was also estimated for three main longline fisheries operating in the WCPO: the western tropical Pacific (WTP) shallow-setting longline fishery, the WTP deep-setting longline fishery, and the western south Pacific (WSP) albacore fishery. While estimates are uncertain due to the low level of observer coverage, some general conclusions are available. The main tuna species account for 46%, 72% and 72% of the total catch (by weight) of the three fisheries, respectively. Blue shark was the third-ranked species in the catch composition of all three fisheries. The WTP shallow fishery has a higher proportion of non-tuna species in the catch, principally shark and billfish species, while opah (moonfish) represents a significant component of the WSP albacore longline catch. There are also considerable differences in the species composition of the billfish catch

between the three fisheries, while overall the WTP shallow and WSP albacore fisheries catch a higher proportion of surface-orientated species compared to the WTP deep-setting fishery.

Interactions with seabirds and marine mammals were very low in all three longline fisheries. Catches of the five species of marine turtles were observed in the equatorial longline fishery, although the observed encounter rate was very low and most of the turtles caught were alive at the time of release.

2.4. Analysis of the access arrangements in the WCP and implications for the EC fishing fleet

Access to fishing opportunities for tuna stocks in the Western and Central Pacific region is regulated through a series of multilateral and bilateral fisheries agreements. Within the multilateral framework, the principal mechanisms are the Western and Central Pacific Fisheries Commission, which has overarching responsibility for tuna management in the region, and the Palau Arrangement, which establishes a scheme for allocating purse seine fishing opportunities in the waters under the jurisdiction of the Parties to the Nauru Agreement (a sub-regional grouping possessing waters in which most purse seine fishing takes place). In order to fully understand the regional management framework, however, a brief overview of all of the arrangements must be provided.

2.4.1. Multilateral Framework

There are several relevant international agreements, arrangements and schemes applicable to the international tuna fisheries in the Central and Western Pacific, although these largely fall into three main frameworks:

- the Western and Central Pacific Fisheries Commission (WCPFC), a regional fisheries management organization open to both coastal States and distant water fishing nations (DWFNs);
- the Forum Fisheries Agency (FFA), a regional body open only to coastal States; and
- the Nauru Agreement, a sub-regional agreement involving 8 Pacific island States.

➤ Western and Central Pacific Fisheries Commission (WCPFC)

The Western and Central Pacific Fisheries Commission was established under an international convention¹⁰ which entered into force on 19 June 2004. The Commission currently has 25 members,¹¹ including the EC and several other DWFNs. In addition, 7 territories are recognized as participating territories¹² and five countries as cooperating non-members.¹³ The general objective of the Convention/Commission is to ensure, through effective management, the long-term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific Ocean. The Commission has competence with respect to all species of highly migratory fish stocks (except sauries) throughout the Central and Western Pacific region and has responsibility for adopting conservation and management measures applicable throughout the range of the stocks (although, as is usual, it does not have powers to adopt specific regulatory measures applicable in waters under national jurisdiction without the consent of the coastal State). Its main functions include:

¹⁰ Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, opened for signature in September 2000.

¹¹ Australia, China, Canada, Cook Islands, European Community, Federated States of Micronesia, Fiji, France, Japan, Kiribati, Korea, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Chinese Taipei, Tonga, Tuvalu, United States of America, Vanuatu.

¹² American Samoa, Commonwealth of the Northern Mariana Islands, French Polynesia, Guam, New Caledonia, Tokelau, Wallis and Futuna.

¹³ Belize, Indonesia, Senegal, Mexico, El Salvador

- adopting conservation and management measures and recommendations, including setting the total allowable catch and level of fishing effort for specific stocks;
- allocating the total allowable catch or the total level of fishing effort amongst members;
- establishing mechanisms for monitoring, control, surveillance and enforcement (including VMS).

Although a relatively new organisation, the Commission is to a large extent the central decision-making body in the region – in particular as decisions about the total level of fishing effort and catches are adopted within the Commission (although the Commission has yet to set TACs for specific stocks). In practice, however, the Commission also adopts measures which are fed in or established under other processes such as the Nauru Agreement and related Arrangements.

➤ **Forum Fisheries Agency (FFA)**

The Forum Fisheries Agency (FFA) was established in 1979 under an international convention signed by 12 members of the South Pacific Forum, and now has 17 members¹⁴ (all of which are also members of WCPFC). Membership of FFA is open only to Pacific Island coastal States and territories, and the objective of the Agency is to coordinate and administer regional fisheries policies and management, in particular with a view to presenting a common front to DWFNs seeking access to the tuna resources in the region. The main functions of the Agency, as defined in the FFA Convention, include:

- providing advice, information and assistance in the development of fisheries policies and negotiations, and assistance in the issue of licences, collection of fees or in matters pertaining to surveillance and enforcement;
- collecting and analysing relevant statistical and biological information;
- collecting and disseminating information concerning management procedures, legislation and agreements.

In practice, the FFA plays a central role in the coordination of Pacific island fisheries policies and provides central administrative / secretariat functions for several of the multilateral treaties and agreements, including the US treaty and the Nauru Agreement (and related arrangements). FFA also coordinates the regional register of foreign fishing vessels and the regional VMS scheme.

➤ **Niue Treaty**

The Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement was adopted in 1993 and all FFA Members, except Tokelau, are parties. The agreement is, legally, a stand-alone agreement although it was adopted directly in response to Article 5 of the FFA Convention (calling for the promotion of intra-regional coordination and cooperation in fisheries surveillance and law enforcement) and the FFA has certain administrative responsibilities under the Treaty and so, in practice, taking account also of the largely concurrent membership, the Treaty can be seen as a de facto subsidiary agreement of FFA.

The Treaty is an agreement on cooperation between FFA members on monitoring, control and surveillance of fishing, and includes provisions on exchange of information and procedures for cooperation in monitoring, prosecuting and penalising illegal fishing vessels. It is designed to complement the other management frameworks in the region, and specifically defines its relationship to harmonized minimum terms and conditions of access. Despite initial broad political support for the Treaty, there has to date been minimal implementation of it. In recent years, however, there has been renewed interest resulting in the organisation and implementation of joint deployment plans. Consideration is currently being given to a subsidiary, or supplementary, agreement, possibly to

¹⁴ Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

include the United States and France (on behalf of its territories in the South Pacific), both of which participate in regional multilateral enforcement actions¹⁵.

➤ **Nauru Agreement (NA)**

The Nauru Agreement was adopted in February 1982, and now has eight parties – the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, the Solomon Islands and Tuvalu (usually referred to collectively as the Parties to the Nauru Agreement or PNA). The central objective of the agreement is to coordinate and harmonize the management of fisheries with regard to common stocks within the Parties' fisheries zones, in particular with regard to the access of foreign fishing vessels. The types of cooperation envisaged by the agreement include establishing principles for the granting of priority to domestic fishing vessels; and establishing uniform (minimum) terms and conditions for foreign fisheries access, including in relation to licensing, use of observers, reporting, vessel marking, etc.

The Nauru agreement is a framework, containing objectives rather than specific provisions on access, but has been implemented by three Implementing Arrangements (1982, 1990 and 2008) which set out the detailed Minimum Terms and Conditions of Access to the Parties fisheries zones and by two supplementary arrangements on purse seine fishing (the Palau Arrangement and the FSM Arrangement).

Implementing Arrangements – Harmonized Minimum Terms and Conditions of Access

The Nauru Agreement has been supplemented by three Implementing Arrangements, which apply cumulatively, setting out Harmonized Minimum Terms and Conditions (MTCs) of Access. The MTCs contained in the Implementing Arrangements are considered within the region to be the most important of the various arrangements. The terms and conditions include the requirement of foreign fishing vessel to be registered and in "good standing" both in the Regional Register of Vessels and the FFA VMS register, a ban on transshipment at sea, reporting requirements, etc.

The MTCs are generally concerned with the conditions that apply once access has been granted, rather than the question of access itself. However, the third Implementing Arrangement (adopted in 2008 and applicable to any future EU fisheries agreements) contains a restriction on access to certain high seas areas (applicable from 1 January 2010). Thus, Article I(3) of the Arrangement provides that a foreign fishing vessel must not fish, during the period of validity of a licence issued by a PNA: (a) in the area of high seas bounded by the national waters of the Federated States of Micronesia, Indonesia, Palau and Papua New Guinea (the high seas area to the west of the PNA area); or (b) the area of high seas bounded by the national waters of the Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Papua New Guinea, Solomon Islands and Tuvalu (the high seas "enclave" in the centre of the PNA area). The following map shows the two high seas pockets subject to prohibition.

¹⁵ France is involved in these joint operations through a cooperation memorandum signed with New Zealand and Australia on fight against IUU fishing in the South Pacific region.

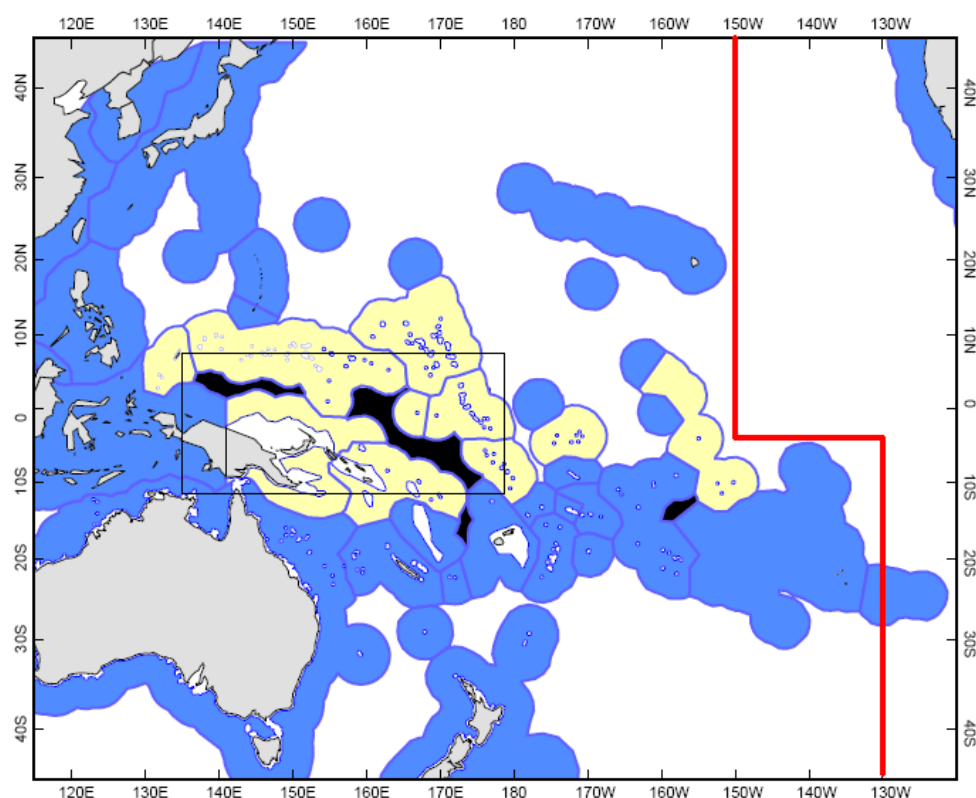


Figure 8 : High-Seas pockets considered for seasonal closure to the purse seine fishery. Yellow: EEZ of the Parties to the Nauru Agreement. Source: WCPFC

The majority of the MTCs have been built into the fisheries legislation of FFA members and form part of the licensing conditions for foreign fishing vessels under bilateral arrangements. In the case of the Solomon Islands, the MTCs have not been incorporated directly in legislation but s. 16(10) of the 1998 Fisheries Act does require the Director, in issuing licences, to take account of bilateral or multilateral treaties relating to fisheries. As the MTCs can be included in bilateral agreements, there is little legal significance in the absence of any reference in domestic legislation (but a practical one in that inclusion of the MTCs in the domestic fisheries legislation removes the need to negotiate them during the development of a fishing access agreement between the two Parties, and ensures that they will be included uniformly in each agreement).

Palau Arrangement

The objective of the Palau Arrangement is to manage the purse seine fishery within the PNA region through a system for allocating fishing opportunities to coastal States and DWFNs. A key objective for the PNA when concluding the Arrangement was to enable the gradual reduction of foreign vessel fishing and shift towards the domestic or locally-based (foreign vessel) fleet.¹⁶

The Arrangement applies to the “Purse Seine Fisheries Management Area”, defined as the exclusive economic or fisheries zones of the Parties and the adjacent high seas areas in the Western Pacific within which purse seine vessels operate, and to any species of tuna and tuna-like species taken by purse seine vessels (within the Management Area). The Arrangement provides an institutional structure for managing allocation/licensing decisions and a set of criteria for allocating licences. In essence, licences are allocated in the following order of priority:

- a) a Party’s domestic vessels;
- b) domestic vessels of another Party to the Arrangement, or vessels operated jointly by PNA;

¹⁶ The rationale was that as the number of vessels for each DWFN fleet reduced, this would stimulate an increase in access fees paid to FFA members and at the same time would encourage the foreign vessels, particularly the displaced vessels, to base locally in FFA members thus increasing the economic benefits.

- c) locally-based foreign vessels;
- d) foreign fishing vessels with established access arrangements over previous years and with good records of compliance with national laws and regulations, the minimum terms and conditions and reporting requirements of the Parties; and
- e) new foreign fishing entrants to the fishery.

For the purpose of (c), a “locally-based foreign fishing vessel” is defined as a foreign fishing vessel which is based in a Party to the Arrangement, lands all of its catch in that Party and/or operates under a joint venture arrangement in the territory of that Party or under arrangements whereby the operator of the vessel is participating in shore-based developments or is otherwise making a substantial contribution to the development of the domestic tuna industry of the licensing Party.

Until recently, the manner in which fishing effort was managed under the Palau Arrangement was to set a maximum limit on the number of vessels to be licensed (the limit was 205 vessels, see below) and to allocate licences to individual flag States as per the following table. This system has now been replaced by the Vessel Day Scheme, however.

Table 7 : Maximum purse seine licence numbers as per previous version of the Palau Arrangement (now superseded by the vessel days scheme). Source: FFA

Category	Number (agreed May 2007)*
1- Multilateral Access	
US Treaty	40
2- Bilateral Foreign Access	
Japan	35
Taiwan	33
South Korea	27
Philippines	10
China	4
European Union	4
Subtotal 1+2	153
3- Domestic / Locally-Based	
All parties	52
TOTAL	205

* Not including special arrangements: EC vessels part time in Kiribati waters only (+2), Domestic/Locally-based (+15), China (+6), South Korea (+1), Philippines (+2) and Taiwan (+1). These arrangements remain in force as long as the number of US vessels is below its maximum allocation of 40 vessels.

FSM Arrangement

The final instrument in the Nauru framework is the Federated States of Micronesia Arrangement for Regional Fisheries Access, which was signed in November 1994 and came into force in September 1995. All PNA are parties to the FSM Arrangement, except Kiribati and Tuvalu. The Arrangement was developed as a mechanism for domestic fishing vessels of the PNA to access the fishing resources of the other Parties and aims to provide access for domestic vessels to Parties' waters on terms no less favourable than those granted to DWFNs (and on terms consistent with the Palau Arrangement). Domestic vessels include vessels flying the flags of the parties, but also other non-parties sponsored flags that can demonstrate a high contribution to Parties economy. As an example, most Vanuatu purse seiners are beneficiary of the FSM Arrangement as they unload most of their catch in Papua New Guinea.

Technically, the Arrangement establishes a regional register of eligible fishing vessels, through which access is licensed, and contains provision on exchange of information, distribution of payments and cooperation in enforcement. To qualify on this register, a vessel has to have a good record of compliance and demonstrate large interactions with the parties shore-industries. As with the other

components of the Nauru Agreement, the FSM Arrangement is administered by FFA. FFA audits the qualification criteria of the vessels sponsored by the parties and collect licence fees. Currently, a vessel has to pay the equivalent of 5% of the value of its catch to be granted access to all EEZ of the parties to the FSM Arrangement. Licence fees collected are distributed to parties by FFA pro rata catches in each EEZ.

2.4.2. Palau Arrangement Vessel Day Scheme

The Vessel Day Scheme (VDS) became fully operational on 1 December 2007 and is the mechanism by which fishing effort is managed within waters under the national jurisdiction of Palau Arrangement Parties. It applies to fishing in the area bounded between 20°N and 20°S and the eastern boundary of the WCPFC Convention Area. For Palau parties, the VDS implements applicable provisions of the Conservation and Management Measures (CMMs) adopted by the WCPFC for the region (in particular CMM-2008-01 and, previously, CMM-2005-01). The Scheme replaces the previous licence allocation scheme (based on the number of fishing vessels).

The Arrangement operates by establishing an overall limit on the number of days¹⁷ that can be fished by purse seine vessels operating in the EEZs of the Parties to the Palau Arrangement. The limit is based on the historical level of days fished in the EEZs of parties based on data provided by the Oceanic Fisheries Programme of the Secretariat of the Pacific Community (SPC). The VDS Management Scheme comprises three-year Management Periods and single Management Years, a calendar year. At the commencement of the Scheme (on 1 January 2008) a Total Allowable Effort (TAE) was set for the first Management Period (Table 8 overleaf), covering each of the first three Management Years. The initial TAE reflects the WCPCF recommendation of ensuring the purse seine fishing effort does not exceed 2001-2004 or 2004 level. Until WCPCF adopts another objective to adjust fishing effort for conservation purpose, the annual TAE will remain identical.

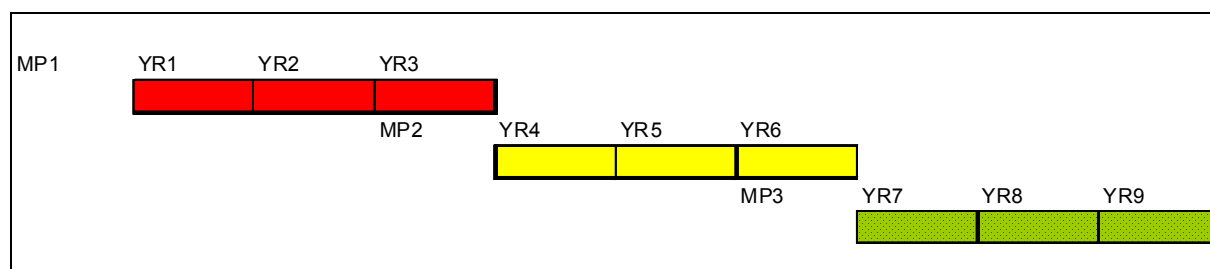


Figure 9 : Management Period (MP) and Management Year (MY) of the Vessel Days Scheme as agreed in May 2009. Source : FFA

A fundamental difference between the VDS Management Scheme and the previous licensing scheme is that the TAE is allocated to the Palau Parties, rather than directly allocating opportunities to the DWFN vessels. Two criteria are used to allocate the TAE amongst the Parties - an equal weighting between the historic level of effort in zone and the level of estimated biomass in each zone each year. This approach recognises that while the historical level of effort is an important determining factor, account needs to be taken of the potential productivity of EEZs, particularly where some Palau Parties may have restricted effort in their EEZs for reasons such as to encourage the operation of domestic purse seine operations, or where there is a more cautious approach to licensing.

Once allocated the Parties are free to utilise their allocated days as they see fit. In principle, this provides the flexibility to provide for new entrants that may offer higher fees than the existing fleets and for Parties to give preference to their domestic fleets should they wish to do so (although, strictly, account should still be taken of the general order of properties set out in the Palau Arrangement, as described above). Parties are under an obligation to ensure that their total number of fishing days

¹⁷ For the purpose of the VDS, a fishing day is any calendar day, or part thereof, during which a purse seine vessel is in the waters of a Party outside a port (i.e. whether searching, catching, taking or harvesting fish). A special provision excludes counting days transiting through Party's waters, subject to specific conditions (fishing gear completely stowed).

does not exceed their annual allocation of fishing days but in general Parties have a wide discretion as to how to employ allocated fishing days, including discretion as to which purse seine vessels are licensed to undertake fishing activities.

Vessels operating under the US Treaty and domestic vessels (operating in the waters of the home licensing Party) licensed under the FSM Arrangement are not subject to the VDS Management Scheme, although they are included in the vessel day / effort calculations. Thus, the TAE is calculated for all vessels and then an adjusted TAE for the Palau Parties is calculated by deducting a pool of vessel days based on historical effort (seven year averages, 1998-2004) to take account of US Treaty and FSM Arrangement vessels. The adjusted TAE is then allocated amongst the Palau Parties.

To date, the Parties have agreed to be bound by 2004 effort levels as per WCPFC recommendation, which has resulted in the following vessel day calculations:

Table 8 : Allocation of Total Allowable Effort (TAE) between PNA for the first Management period starting Jan. 2008. Source: FFA

Total Allowable Effort (TAE)		Vessel Days		
PNA TAE (2004 levels) (all fleets)		33 856		
Deductions US Treaty (3 362 days) and FSMA (2 025 days)		(5 387)		
Adjusted PNA TAE (2004 level)		28 469		

Party Allowable Effort (PAE)	Allocation criteria			Vessel Days
	EFFORT (%) 7 yr average 99-05	BIOMASS (%) 10 yr average 95-04	AVERAGE (%) 50/50 weighting	
FSM	24.52	19.41	21.96	6 253
Kiribati	16.44	27.07	21.76	6 194
Marshall Islands	4.31	14.85	9.58	2 727
Nauru	7.81	2.39	5.10	1 452
Papua New Guinea	40.17	15.38	27.78	7 907
Palau	0.27	3.91	2.09	595
Solomon Islands	5.34	11.25	8.29	2 361
Tuvalu	1.14	5.74	3.44	979

The VDS Management Scheme provides the Palau Parties with flexibility to carry over unused fishing days to future years, to borrow fishing days from future years and to transfer fishing days between themselves on whatever terms they mutually agree. With respect to transfers between Parties, any two Parties may agree to transfer between themselves all or part of their PAE for a Management Year. With respect to transfers between Management Years and Periods, a Party may adjust its PAE for any Management Year within a Management Period by transferring to that year all or part of its PAE from another year in the same Management Period. Any unused balances can be rolled into future Management Periods up to a maximum of 30% of the PAE from the final Management year of the preceding management period.

The VDS Scheme provides a mechanism to take account of size variations of purse seine vessels. Based on an assessment, undertaken prior to the adoption of the VDS, of vessel sizes and catch rates vessel days are calculated on the following basis:

- for small vessels of less than 50 metres in length, a day of fishing is counted as half a day;
- for vessels greater than 80 metres in length, a day of fishing is counted as one and a half days;
- for vessels in the 50 to 80 metre range a day is equal to a day

[Note: all EC purse seiners currently operating in the WCP area are greater than 80 m, so one day fishing is counted one and half days]

Finally, to secure its effective implementation and administration, the VDS system includes certain registration requirements (including a requirement to have good standing in the FFA regional register), requires payment of an administration fee and imposes certain monitoring requirements (including participation in the FFA VMS scheme).

The VDS is administered by FFA. VMS information is used to count the number of fishing days in each EEZ and to monitor the actual use of fishing days of the parties against their respective initial allocations.

An Update on the VDS

The Vessel Days Scheme started officially in December 2007. The scheme is in its infancy and will undoubtedly require refinement to introduce mechanisms to balance recent levels of fishing effort with the number of vessel days allocated to individual PNA members.

There is no publicly available review of the VDS after almost two years of implementation. Exchange of information between PNA countries appear also to be minimal. Some country would have reportedly already sold more fishing days than they have. The VDS is also subject to criticisms from PNA countries. The first is that effort from the US fleet operating under the US Treaty is not properly taken into account. The second is that it proves difficult if not impossible to negotiate access to the EEZ for foreign fleet on the basis of a monetary value of a fishing day, although auctioning days was one of the objectives of the scheme. Finally the major criticism is that the VDS provides discrete fishing effort allocation in particular EEZ although the resource is highly migratory with its annual distribution driven by environmental conditions. For example, under a strong El Niño, the tuna resource may concentrate in the waters around Kiribati and be scarce in the waters of FSM. Kiribati would have therefore to negotiate additional days from FSM to accommodate the access requests from the purse seine fleet. FSM would not provide the days for free.

To have a better management of the VDS, but also to strengthen coordination of policies aiming at getting more value from the fish caught in their EEZ, the PNA countries have recently agreed to create a PNA secretariat separate from FFA. It is the intention of the PNA secretariat to pool the PNA fishing days into one common basket and to set a mechanism for redistribution of access fees. The PNA secretariat will be based in Marshall Islands and will be funded by contributions from its Member States and by receipts from the VDS and FSM arrangement. The PNA secretariat intends to remain independent and will not accept financial support from third party foreign interests.

2.4.3. WCPFC Conservation and Management Measures

In principle, WCPFC sits at the top of the management framework as it is the only body that accepts coastal States and DWFNs, it has competence with respect to all highly migratory species throughout the region and that competence applies to such species throughout their range. As might be expected from a relatively new organisation, however, measures adopted by WCPFC have been somewhat limited (at least when compared to the most progressive RFMOs), dealing primarily with the setting of overall effort targets but not usually including specific TACs or quota allocations. Furthermore, as with all tuna management organisations, the functions and powers of WCPFC are without prejudice to the sovereign rights of coastal States to manage fisheries within their waters. Therefore, measures dealing with access questions and licensing and allocation procedures in national waters and allocation methods are left primarily to the coastal State mechanisms, such as the Nauru Agreement. In general, WCPFC seeks to adopt the EEZ measures developed within these mechanisms within its own framework, and to adopt or develop compatible and equivalent measures for the high seas.

The principal measure in place currently is Conservation and Management Measures 2008-01 (CMM-2008-01), which sets out measures for bigeye and yellowfin fishing by purse seines and longlines and came formally into effect on 10 February 2009. For purse seine fishing, CMM-2008-1 sets an overall objective of a 30% reduction in bigeye mortality and a reduction in the risk of overfishing of yellowfin tuna and then sets out a range of measures by which these targets are to be achieved, including effort limitations, area closures, FAD restrictions, etc. These measures apply primarily to the high seas, with measures for EEZs being aligned with the Nauru Agreement MTCs and the Palau Arrangement VDS.

Further details in relation to CMM-2008-01 and other effort/catch related measures adopted by the Commission are summarised, along with their implications for the EU, in the next section.

It is important to appreciate how WCPFC management measures apply to individual members and the distribution of fishing opportunities between high seas fishing and fishing within EEZs. Specifically, fishing opportunities taking place within the EEZ, whether by foreign vessels or domestic vessels, are fishing opportunities allocated to, or reserved for, the coastal State. Any fishing which takes place in the waters of a Pacific Island coastal State are in exercise of that coastal State's fishing allocation/rights. Thus, within the WCPFC, the EU is a high seas fishing Member and as such its obligations to meet any effort reduction or limitation measures are confined to its high seas operations. Within EEZs, while overall the coastal State may be subject to effort reduction / limitation targets or requirements, that does not imply *in principle* that every foreign fishing fleet fishing in that country's waters must implement an equivalent reduction or limitation – it is within the sovereign rights of the coastal State to determine how its allocation is used, for example, by increasing the opportunities available to one fleet at the expense of others.

2.4.4. Implications for the EU Fleet

It can be noted that there are very few specific fishing opportunity definitions (i.e. quotas) in the applicable measures, the major exception to this being the TAEs / PAEs under the Palau Arrangement. As far as WCPFC is concerned, however, effort restrictions are defined more generally in terms of overall targets or restrictions to current or recent fishing activity.

➤ High Seas Fishing Opportunities

High seas fishing opportunities are those determined by the WCPFC Conservation and Management measures. These are of course subject to potential renegotiation and change, in particular at each annual meeting, and some provisions apply specifically to 2009 only, and so future opportunities may vary. In qualitative terms, the measures are generally expressed in terms of overall fishing effort or vessel numbers. There are no TACs and, in general, no quota allocations (although a specific quota for the EC is noted in CMM-2008-05 for swordfish South of 20°S). In quantitative terms, the measures typically specify that fishing effort is not to be increased beyond the current level, the recent average or beyond the maximum amount achieved in recent years. In some cases, Members are presented with the option to choose between different reference points. This results in specific effort limitations of 103 vessel days for the purse seine fishery and 2,000 tonnes per year in the longline fishery. The 103 vessels days allocated to the EC are roughly equivalent to 1/3 of a total fishing year of one single purse seiner. This represents a considerable reduction (-58%) from effort deployed in 2007 (245 fishing days). A summary of the current measures is as follows:

Table 9 : Summary of the main management and conservation measures having an impact on the EC fishing fleet active in the WCPCF area

Bigeye and Yellowfin			
Fishery	CMM	Effort limit	Summary of other conditions
Purse seine	2008-01	<ul style="list-style-type: none"> ▪ effort in days fished not to exceed 2004 levels or the average of 2001-2004 ▪ for EU = 103 vessel days in the high seas (2004 figure, according to CMM-2008-01; 2001-2004 average estimated at 73 vessel days) 	<ul style="list-style-type: none"> ▪ No consequential increase in effort in adjacent areas ▪ Seasonal restriction on the use of FADs (1st August 30 September), and requirement to use FAD management plans ▪ Requirement to retain observer from Regional Observer Programme during FAD closure period, and 20% coverage rate outside FAD closure ▪ Full catch retention rules. <p><i>From 2010:</i></p> <ul style="list-style-type: none"> ▪ Possible no fishing in high seas areas with the PNA area (high sea pockets see Figure 8), to be determined end 2009 ▪ FAD measures extended (1st July 30 September). ▪ High Seas VDS to be considered. ▪ Full (100%) observer coverage
Longline	2008-01	<ul style="list-style-type: none"> ▪ Phased reduction in bigeye catches from 2004 or the 2001-2004 average (10% reduction in 2009; 20% in 2010; 30% in 2011) ▪ exception for Members catching less than 2000 tonnes during this period (for which catch limit is 2000 tonnes pa) ▪ for EU 2001-2004 average = 164 tonnes; EU catch can be increased to 2 000 tonnes pa 	<ul style="list-style-type: none"> ▪ No other specific measures mentioned.

Other fish stocks			
Fishery	CMM	Effort limit	Summary of other conditions
southern albacore, south of 20°S	2005-02	<ul style="list-style-type: none"> ▪ Option to choose highest level from number of fishing vessels in: (a) 2000-2004 average or (b) 2005 level. 	<ul style="list-style-type: none"> ▪ None specified.
northern albacore	2005-03	<ul style="list-style-type: none"> ▪ No increase from "current levels" (not specified in terms of days/vessels) 	<ul style="list-style-type: none"> ▪ Various reporting requirements, including vessel-days fished
striped marlin, south of 15°S	2006-04	<ul style="list-style-type: none"> ▪ Option to choose highest number of fishing vessels in any one year from 2000-2004 	<ul style="list-style-type: none"> ▪ Requirement to report number of vessels
sharks	2008-06	<ul style="list-style-type: none"> ▪ No effort limitations specified 	<ul style="list-style-type: none"> ▪ Requirements concerning fin quantities and utilisation of catches
swordfish, south of 20°S	2008-05	<ul style="list-style-type: none"> ▪ 3 107 tonnes for 2009 (specific limit agreed for EU) 	<ul style="list-style-type: none"> ▪ Various reporting requirements
swordfish, north of 20°N	2008-05	<ul style="list-style-type: none"> ▪ No increase from the current level of fishing effort (not specified in terms of days/vessels) 	<ul style="list-style-type: none"> ▪ As above

CMM 2006-01, now superseded by CMM 2008-01, already constrained fishing effort by stating that « Beginning in 2007, CCMs shall take necessary measures to ensure that the level of purse seine fishing effort by their vessels in areas of the high seas does not exceed 2004 levels or the average of 2001-2004.»

➤ **Fishing Opportunities under Bilateral Agreements**

Access to the waters of the Solomon Islands, and any other PNA, is subject to the terms and conditions in the Nauru Agreement Implementing Arrangements and the Palau Arrangement. As noted above, any effort limitation measures agreed through WCPFC do not need to be of concern because

they are applicable to the coastal State but within that framework the coastal State can allocate fishing opportunities – within the Palau Arrangement rules for purse seine fishing – as it wishes.

The regulation of fishing opportunities under bilateral agreements therefore fall into two categories. For purse seine vessels, the Palau Arrangement VDS applies; for other fishing opportunities, the coastal State may allocate fishing opportunities largely on its own terms.

Purse seine fishing

In qualitative terms, fishing opportunities for purse seine vessels are in principle only available in terms of vessel fishing days (at least in relation to PNA countries, including Solomon Islands). Any allocation to EU vessels must come from within the coastal State's PAE – in the case of the Solomon Islands, this is 2,361 fishing days. Within the PAE, the EU fleet is in effect in competition with other fleets (except, in principle, the US fleet and other coastal State fleets, as allocations for these fleets were deducted prior to setting PAEs under the VDS). Quantitatively, the EU has to date been allocated rather limited fishing opportunities (previously in terms of number of vessels authorized (4)-, now as vessel days (103)). The reason for this is partly political, but also partly derives from the order of allocation priorities specified in the Palau Arrangement (as described above). Thus, in relation to (at least most) other DWFNs, the EU is at a disadvantage under the Palau Arrangement because under the allocation criteria, the EU is likely to fall into category (e) as a new entrant (i.e. last in order of priority), or best under category (d) (see page 23)¹⁸. Over time and as a result of careful negotiation, the EU might be able to advance its position, and therefore opportunities. It is possible that the VDS will make this easier, as there is greater scope for trading of vessel days. On the other hand, there is always the possibility it will remain secondary to more established foreign fishing fleets. There are no straightforward solutions to this impediment. Options might include, however:

- (1) Seek to take advantage of “transfer opportunities”. As noted above, the VDS presents new opportunities to transfer PAEs (or parts thereof) between Parties. This may present opportunities, with the framework of an agreement with the Solomon Islands, to obtain vessel days allocated to another PNA under the condition however that the other PNA have some days allocation left aside.
- (2) Enter into a bilateral agreement which includes the provision of “locally-based foreign fishing vessels” (as defined in the Palau Arrangement – see above). As such vessels are treated with a higher level of priority than both new entrants and other foreign fishing vessels, this should in principle be a means to gain fishing opportunities, although of course the incentives for EU vessels are reduced. (It might also be recalled that the transfer of foreign vessels to locally-based foreign vessels was one of the initial objectives of the Palau Arrangement).
- (3) Negotiating a multilateral treaty, such as the US Treaty, under which the EU was removed from the VDS. Although this would not give rise to any right for a greater allocation (and there are still legal and political impediments to new entrant rights, such as the lack of defined allocation criteria within WCPFC and the capacity of existing fishing fleets), it may facilitate obtaining a larger share. However, there is a strong consensus amongst PNA country that the US Treaty should incorporate days allocation at least for conservation purpose to conform with WCPFC recommendations. It is therefore unlikely that they would accept a new form of multilateral Treaty that provides unlimited number of fishing days.
- (4) Negotiating a multilateral treaty with all parties to the Nauru Agreement for the EU fleet to be able to pool fishing days across the EEZ of the parties. This strategy may be underpinned by the forthcoming creation of a PNA secretariat whose objective is precisely to pool the fishing days allocation of the parties.

Longline fishing

The negotiation of fishing opportunities for longline fishing in principle has more flexibility than for purse seine fishing. In qualitative terms, the Solomon Islands and the EU could in principle negotiate fishing opportunities on any basis, although in practice this would almost inevitably be in terms of vessel numbers (given that there is no TAC to allocate and no VDS). In quantitative terms, the general limitations of WCPFC measures apply (but again, in terms of fishing opportunities in waters under the Solomon Islands' jurisdiction, these limitations apply to the Solomon Islands rather than the EU).

¹⁸ There is no official classification of flag's status under the Palau Arrangement orders of priority.

Within the opportunities available for the Solomon Islands to allocate, the EU fleet will again be in competition with other fleets. In legal terms, at least, there is no order of priority for allocations, as there is under the Palau Arrangement.

2.4.5. The Eastern Pacific Fishery: Status and Management issues

Since the EC tuna fleet share fishing effort between the WCP area and the Eastern Pacific Ocean (EPO) under the management of another RFMO (the IATTC), management and conservation rules adopted in the EPO bear consequences on the fishing strategy of the EC fleet. This section is intended to briefly review the main issues at stake in the EPO area and the likely consequences on the fishing possibilities available to the EC tuna fleet.

The most recent evaluation of yellowfin and bigeye populations indicates a yellowfin stock in a state of full exploitation and a bigeye stock exploited outside safe limits. At present, the whole purse seine fleet active in the EPO is well above the recommended fishing capacity¹⁹. Purse seine capacity limit applying to the EC is equivalent to 4 purse seiners. Incidentally, it is those same 4 EC tuna purse seiners that fish in the WCP area.

The main management tool in force in the EPO is a seasonal closure of the purse seine fishery. In 2007, the closure lasted approximately 1.5 month during the second half of the year. Given the need to further reduce the catches, the scientific committee recommended in 2008 an extension of the seasonal closure to 12 weeks (approx. 2.5 months) for the entire EPO with an additional closure of an offshore area located East of Galapagos for a period of approx. 3.5 months. During the 79th meeting of IATTC in 2008, the parties could not reach consensus and as a consequence, no management measures have been adopted for 2008. At the 80th meeting of the Commission held in June 2009, IATTC staff tabled the same recommendation and the parties could finally agree on a 59 day closure in 2009, increased to 62 days in 2010 and 73 days in 2010. As concerns the closure of the offshore area off Galapagos, the parties could only agree on a 1 month moratorium, as opposed to the 109 days proposed by IATTC. According to IATTC, these measures will nonetheless lead to reduce fishing effort by 20% over the next three year.

Additionally, IATTC regulates purse seining on tuna associated with dolphins to set incidental dolphin mortalities in the tuna purse-seine fishery in the Agreement Area to levels approaching zero, through the setting of annual limits. Association of tuna schools with dolphins is fairly frequent in the EPO unlike in the other oceanic regions. Furthermore, IATTC imposes full retention of catch (no discards) and 100% observer coverage of the larger purse seiners (includes all the EC purse seiners) predominantly to monitor incidental catch of dolphins but also to collect scientific data and to monitor compliance with IATTC management and conservation measures.

These recent evolutions of the IATTC management framework tend to confirm that the fishing possibilities available to the EU purse seine fleet in the EPO area are bound to decrease substantially in the forthcoming year, although at a slower pace than proposed by the IATTC staff.

2.5. Focus on activities of EC fishing vessels in the WCP area

At present, the European Community has three ongoing Fisheries Partnership Agreements in the WCP area, namely with Kiribati, Federated States of Micronesia and Solomon Islands. These three partner countries are part of the eight parties to the Palau Arrangement. The following map shows the EEZ covered by these three FPAs. Beside these three FPAs, the Spanish purse seine shipowner association has reportedly concluded a private agreement to secure access for its purse seine fleet to

¹⁹ In May 2008, the carrying capacity of the purse seine fleet in the EPO was 228,246 m³. While Resolution C-02-03 on the limitation of fishing capacity has limited entry to the fishery, there is still some room for some additional vessels to enter the fishery within the limits of the Resolution. The IATTC staff recommends that the Commission examines means to reduce the fleet size toward the Commission target of 158,000 m³ (-30%). Meanwhile, the main management tool used to limit fishing mortality is seasonal closure.

the EEZ of Tuvalu and to the EEZ of Nauru²⁰, two other PNA country. Cumulatively, the EC purse seine fleet can access the EEZ of a subset of 5 countries of the 8 PNA group.

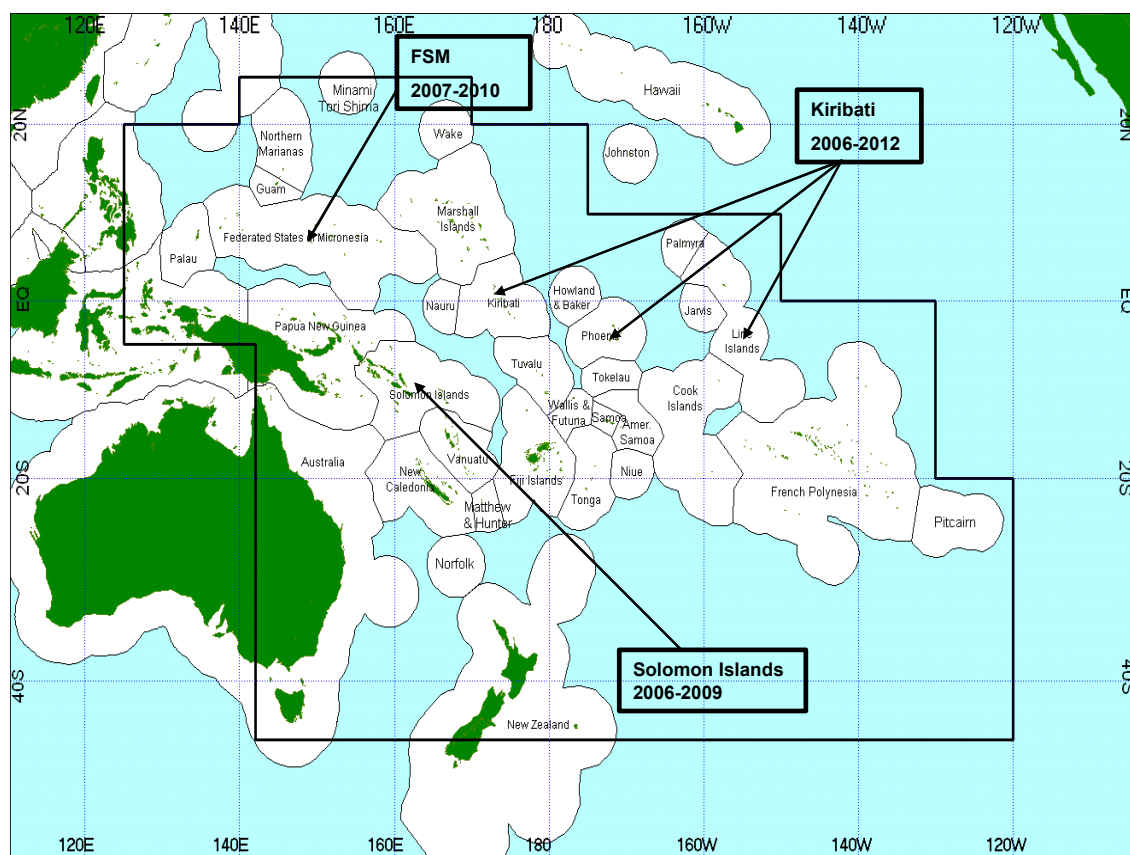


Figure 10 : Existing fisheries partnership agreements in force as of mid-2009 between Pacific countries and the EC

All these three agreements include fishing possibilities only for purse seiners and surface longliners.

2.5.1. Purse seiners

As outlined in the previous sections, the EC purse seine fleet is a minor operator in the WCP area. With only three vessels active and catches below 20,000 tons per year, the Community purse seiners represent around 1% of the total purse seine fishery dominated by fleets from Asia and from Pacific Island countries. The following graph demonstrates that the main fishing grounds of the European purse seine fleet remain the Indian Ocean (70% of the 400,000 tonnes caught annually by the EC purse seiners worldwide), preceding the Atlantic Ocean (22%). Catches in the whole Pacific Ocean represent only 8% of total Community purse seiners catches.

²⁰ Information obtained during the mission and later confirmed by the European professional association concerned.

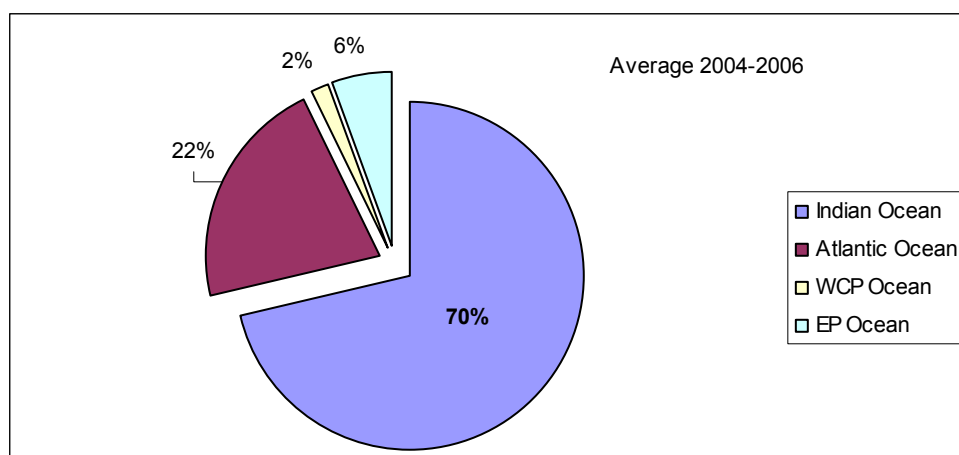


Figure 11 : Distribution of catches of the EC purse seine fleet between the main oceanic regions. Source: RFMO data

As shown by the following map, activities of the EC purse seine fleet took place in 2007 in the Eastern part of the WCP in international waters and in the EEZ of Kiribati where there the EC concluded a fishing agreement. The activities of the European purse seiners fall under the area of competency of two RFMO: the IATTC for the Eastern Pacific Ocean and the WCPFC for the Western-Central Pacific Ocean. Exploitation of tuna resources in this area occurs when fishing in the Eastern Pacific Ocean is not possible (time - area closures) or when catches are low (such as in 2007). The strategy of the EC purse seine fleet is primarily to supply the Ecuadorian canneries in which Spanish nationals have shares, but also to supply canneries based in Pago Pago (American Samoa) and even Bangkok (Thailand). So far, there has not been any Spanish investment in processing factories located in Pacific Island Countries.

As the following map suggests, EC purse seiners fishing grounds were far from the Solomon in 2007 and preceding years.

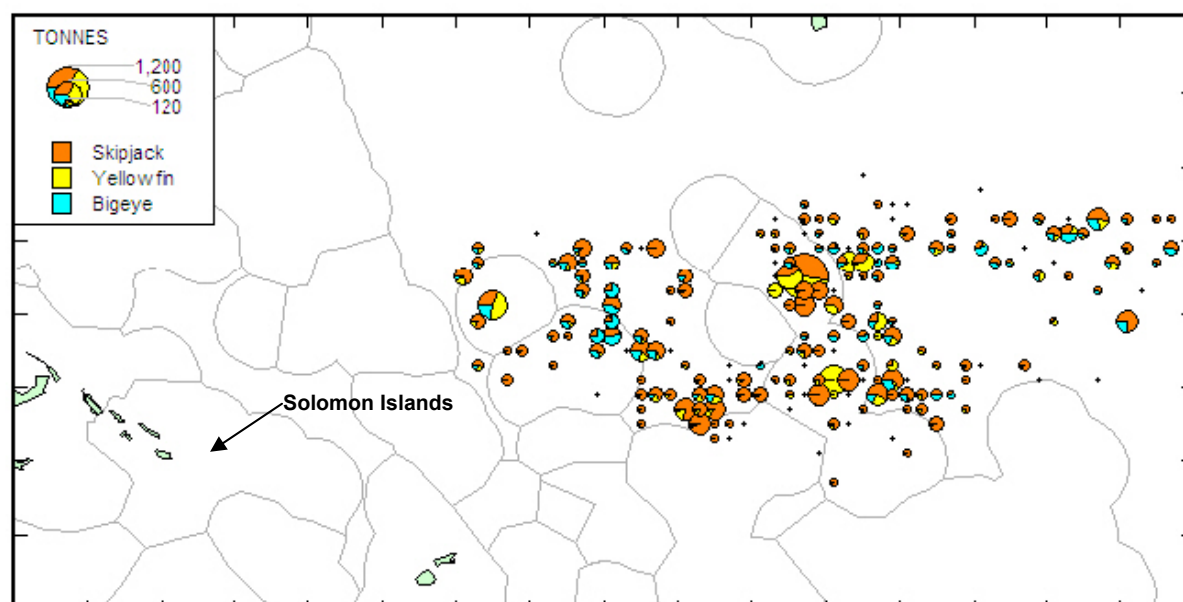


Figure 12 : Distribution of Spanish purse seine catches in 2007. Source : SPC

However, it should be noted that the operations of the fleet extended westward in 2008 with some catch declared in the Solomon EEZ (630 tonnes) accompanied by a substantial increase of catch in the EEZ of Kiribati. Activities in the High-Seas under competency of WCPFC also increased. This is

demonstrated by the following table that shows the evolution of catch under the three existing FPAs as well as in all the WCP area (EEZ and high seas). The total WCP total catch made in 2008 (36 205 tonnes) are a new record and close to catch of the Spanish purse seine fleet in the Atlantic in 2007.

Table 10: Evolution of the catch of the EC purse seine fleet in the three EEZ of third countries having signed a FPA (source : DG MARE) and total catches in the whole WCP area (EEZ as above high seas ; source SPC)

Tonnes	2004	2005	2006	2007	2008
Solomon Islands			0	0	627
Kiribati	624	607	2 799	8 671	12 269
FS Micronesia				0	0
Total EEZ under FPA	624	607	2 799	8 671	12 896
All WCP area	5 519	3 432	10 862	19 747	36 205

For the future, the European purse seine shipowners declare having a need to retain an access to the WCP area. The main reason is that the evolution of the management and conservation framework in the Eastern Pacific may lead to reduce significantly the fishing possibilities if the seasonal closures are to be adopted as proposed by the IATTC (2.5 to 6 months per year), notwithstanding the restriction on fishing tuna associated with dolphins. The EC shipowners have already anticipated that by creating a transshipment base on Christmas Island in Kiribati. The location of this base is central and adapted to deploy westward in the WCP area and eastward in the EPO area.

It should also be known that the activities of the purse seiners under the EC flag represent only a part of the Spanish deployment strategy in the WCP area. Spanish interests reportedly control also purse seiners under the Ecuador flag (7), Salvador flag (2) as well as two vessels flying the flag of Kiribati (one purse seiners and one pole & liner). Catch of those vessels are used mostly to supply the Spanish co-owned canneries located in Central America.

2.5.2. Longliners

The activities of the European longliners operating in the Pacific Ocean take place primarily south of 20°S, outside the tropical area, where the swordfish resource is more plentiful. The fishing grounds overlap the area of competency of both IATTC and WCPFC. As shown in the two following maps, catches in the WCP originate essentially from the high seas East of New Zealand or from the EEZ of French Polynesia but mainly as a continuation of fishing activities in the Eastern Pacific area.

Starting in 2003 the EC fleet, consisting in 10-15 surface longliners, made an attempt to expand its fishing grounds towards zones in the Central South Pacific, with the area around 120° W becoming a new fishing zone, as an alternative to supplement the traditional grounds located closer to the South-America mainland in the SE Pacific. In 2004 and 2005 experimental fishery activities were undertaken in areas located in both the North and South Pacific, within the WCPFC convention area, which may explain why licences were drawn under the agreement with Solomon although no catch have been declared. These experimental fishery activities involved the development of fishing patterns that were different from those used in routine commercial operations. Over the course of this activity, substantial differences were found in terms of the prevalence among the species caught, in both the target species as well as the bycatch species. The EC longliners returned to their traditional fishing grounds after estimating that the continuation of their usual fishing strategy targeted on swordfish and oceanic sharks is more adequate than trying to enter and compete on the equatorial longline fishery for sashimi or albacore dominated by Asian interests.

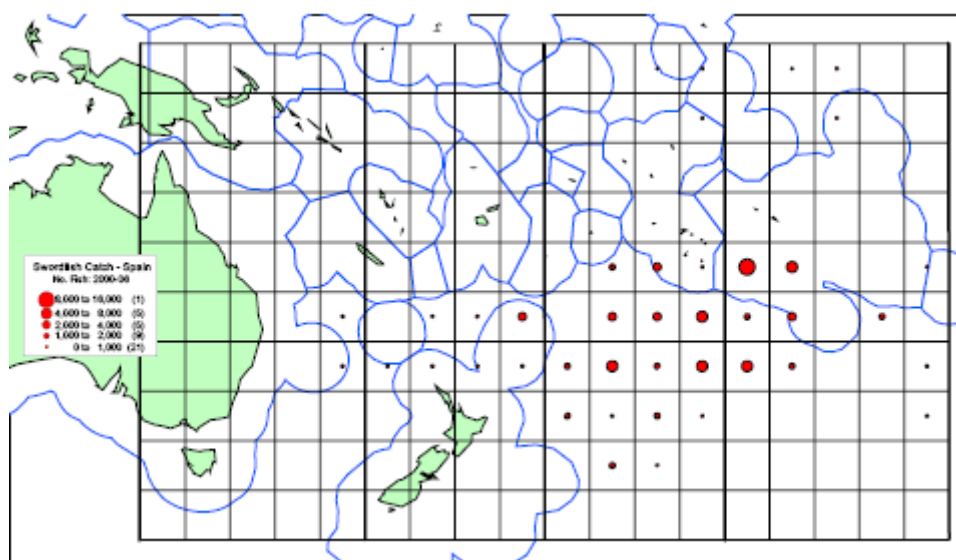


Figure 13 : Distribution of Spain swordfish catches 2000-2006. Source : WCPFC

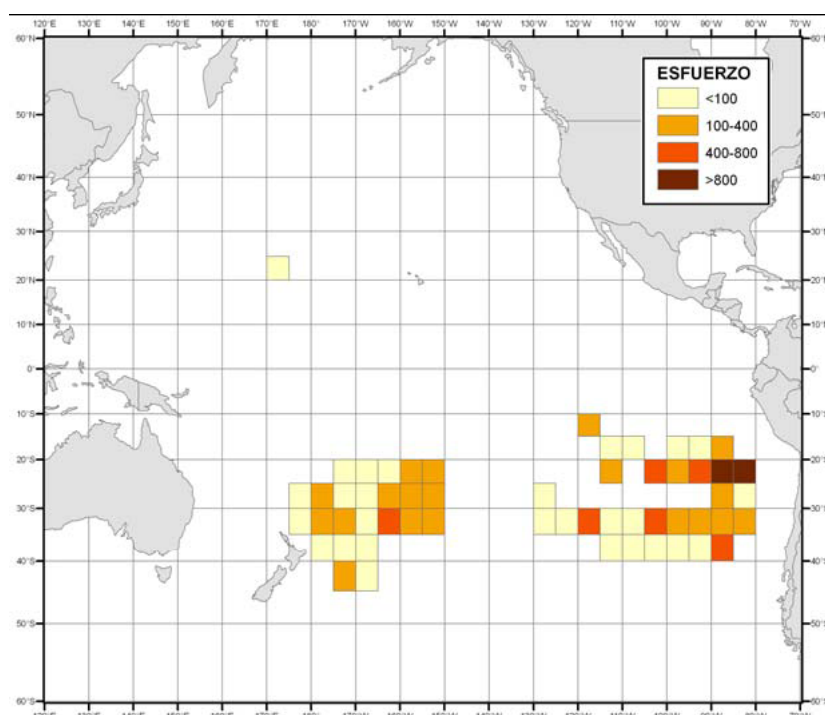


Figure 14 : Distribution of fishing effort of the Spanish longline fleet in 2006. Source : WCPFC

It is therefore unlikely that there could be an interest for future surface longlining possibilities in the tropical area including the Solomon Islands EEZ.

2.6. The tuna fisheries under the competency of Solomon Islands

2.6.1. The Domestic tuna fishery

In 2007, there were 14 tuna fishing vessels flying the Solomon Islands flag active in the WCP area. Five of these vessels are purse seiners operating mostly in the national EEZ, and 9 are pole and line vessels also operating in the EEZ. Fishing within the EEZ of neighbouring coastal states is possible

via entering into bilateral fishing access agreements and sub-regional arrangements for Purse Seine fishing under the terms of the FSM Arrangement. Four of the five purse seiners are owned by the company National Fisheries Development Ltd, a subsidiary of the tuna trading company Trimarine. The Pole and Line vessels are property of Soltai Fishing and Processing Company Ltd, an integrated company operating tuna processing facilities in Noro, with a 51% shareholding held by the National Government and the remainder by the Western Province Government. The evolution of the Solomon tuna fishing fleet over the past six years shown in the following table indicates that the number of purse seiners has increased from 2 in 2002 to 5 in 2007 while the number of pole & line vessels decreased from 12 in 2002 to 9 in 2007. Domestic longlining has been progressively phased out from the National fleet.

Table 11 : Number of Solomon Islands Purse-Seine, Longline and Pole & Line active vessels in the WCP Area. Source: Ministry of Fisheries and Marine Resources

	2002	2003	2004	2005	2006	2007
Longline	11	9	8	5	--	--
Purse seine	2	3	3	3	4	5
Pole & Line	12	12	10	7	11	9
TOTAL	25	24	21	15	15	14

Total catches of Solomon tuna vessels in the WCP area vary between 20 000 and 30 000 tonnes per year over the last few year. The purse seine fleet recorded an increase in efforts through the number of days vessels spent searching for fish and fishing as depicted through 268 days in 2002 to an increase of 614 days in 2007. The total annual estimated catches increased from 6,782 tonnes in 2002 to 22,313 tonnes in 2006, the highest in 6 years.

However, in the same period, pole & line annual catch estimates fluctuate due to changes in fleet sizes and financial problem faced by the fishing companies. The pole & line fleets recorded its highest total annual catch estimates as 10,793 tonnes in 2003. The performance of the pole & line fleet over the recent period is below expectations. Soltai Fishing docked most of its ageing pole & liners. This was further compounded by high fuel cost that made it more inefficient to operate pole & line boats. Other factors include unfavourable fishing conditions especially in the first half of the year and fishing downtimes due to boat repairs and maintenance. In 2009, none of the Soltai pole & liners operated on a commercial basis.

Table 12 : Annual Catch (tonnes) and effort for Solomon Islands tuna fleet. Source : Ministry of Fisheries and Marine Resources

		2002	2003	2004	2005	2006	2007*
Longline	Catches	956	781	967	9		
	Effort	--	--	--	--		
Purse seine	Catches	6 782	15 191	17 043	16 425	22 313	17 306
	Effort (days)	195	371	437	327	424	614
Pole & Line	Catches	9 786	10 793	6 882	3 599	6 988	4 003
	Effort (days)	--	1 942	1 102	1 020	1 640	1 044
TOTAL	Catches	17 524	26 765	24 892	20 033	29 301	21 309

* provisional

The vast majority of catch of the domestic tuna fleet is unloaded / transhipped in the ports of Solomon (Honiara, Noro, Tulagi).

2.6.2. The Foreign tuna fleet in Solomon waters

➤ Fleets

Solomon Authorities grant access to the national EEZ to a large number (c. more than 300) of tuna vessels (purse seiners and longliners) flying flags of China, Fiji, Japan, Korea, Taiwan, Vanuatu, USA and the EC. According to the information supplied by Solomon Authorities to WCPCF, the breakdown of the foreign fleet by type of vessels and nationality is as shown in the following table. Note that these data do not include the four Spanish purse seiners duly licensed each year from 2006 for unknown reasons. Overall, there were 125 tuna purse seiners licensed to fish in the EEZ of Solomon Islands, roughly 60% of the WCP purse seine fleet. The 4 Spanish purse seiners represent a modest 3% of the total number of purse seiners licensed in Solomon waters, and 1% of the total number of foreign vessels. Nonetheless, the EC fleet generates slightly less than 6% of access fees paid by DWFNs to Solomon Islands.

Table 13 : Number of foreign vessels licensed to fish in the Solomon EEZ by flag and by gear type. Source : Ministry of Fisheries and Marine Resources

Flag	2004	2005	2006	2007
Purse seiners (PS)				
China	6	6	6	6
Japan	21	32	26	34
Korea	28	28	28	28
New Zealand	4	4	4	4
Taiwan	29	31	33	33
Vanuatu	5	3	7	8
USA	19	11	13	12
Sub-total PS	112	115	117	125
Longliners (LL)				
Belize				5
China	12	14	24	41
Fiji	3	3	18	12
Japan	9	19	31	33
Korea	16	19	37	47
Taiwan	19	30	33	36
Vanuatu	11	11	10	10
Sub-total LL	70	96	153	184
Pole and liners (PL)				
Japan	11	11	24	8
Sub-total PL	11	11	24	8
TOTAL	193	222	294	317

The table shows that the major international partners of Solomon for access are Japan, Korea and Taiwan, with China emerging as a major partner for the longline fishery. The highest ever number of tuna vessels licensed in Solomon waters in 2007 reflects the high abundance of fish in the area in connection with the well-established La Niña state, which persisted into the 2nd quarter 2008. Fishing activity during 2007 remained concentrated in the PNG, FSM and Solomon Islands area and was restricted from extending east beyond the 175°E longitude (compared to activity in recent years) due to cooler surface water temperatures flowing in from the east, in line with the prevailing ENSO conditions. Current forecasts indicate that an El Niño situation is likely for the end of 2009 through 2010 meaning that the EEZ of Solomon Islands will be less attractive for the Distant Water fleets.

➤ **Catches**

Catch of foreign purse seiners in the Solomon EEZ are usually around 60 000 tonnes per year. According to the Ministry, catch would have surpassed 80 000 tonnes in 2007. Korea with 44% of purse seine catch is the major fishing nation, ahead of Taiwan and Japan (12% each of total purse seine catch). Purse seine catch in Solomon EEZ represent 5% of total purse seine catch in the WCP area (1,700,000 tonnes in 2007).

Catch of foreign longliners in the EEZ of Solomon are estimated at 4,600 tonnes for 2007. However, actual catches are believed to be higher as some foreign fleets reportedly supply incomplete data to the National Authorities.

➤ **Port activities**

As a general rule, transshipment at sea by purse seiners is prohibited. The measure is part of the WCPCF convention that entered in force in 2004, and also part of the FFA minimum terms and conditions applicable to purse seiners. As a consequence, all transshipment / unloading operations have to take place in designated ports under the supervision of control officers and subject to payment of fees.

SPC data based on logsheets submitted by the purse seiners provide an estimate of catch unloaded / transhipped in Solomon ports (Honiara, Noro, Tulagi). Data for the most recent years indicate a dramatic increase of quantities of tuna transhipped in Solomon ports, from less than 25,000 tonnes in 2003 to nearly 150,000 tonnes in 2007. This increase is underpinned by the transshipment ban in force since 2004 and by the fishing conditions prevailing over 2007. Assuming an average quantity of 800 tonnes per purse seine transshipment operation, number of transshipments would have increase from 100 in 2006 to 180 in 2007. As shown in the following table, about 50% of transshipment in Solomon ports originates from the Korean purse seine fleet. Other entities transshipping in Solomon are the domestic fleet, the Taiwan fleet and the Vanuatu fleet, each representing 10-12% of total transshipments. According to SPC data, EC vessels transhipped approximately 2,000 tonnes in Solomon in 2007 for the first time since 2003. Additional transshipment operations occurred in 2008 but to an unknown extent as yet.

Table 14 : Tuna transhipped / unloaded (tonnes) in Solomon Islands by reporting flag. Source: SPC

Flag	2003	2004	2005	2006	2007
Spain					2 155
Micronesia	3 113	6 522	3 035	646	1 860
Japan			525	1 595	2 699
Kiribati					690
Korea	8 020	21 965	26 815	38 096	79 698
Marshall Isl.				880	
New Zealand	1 216		88	1 209	
Papua New Guinea	5 190	14 120	17 736	4 987	7 475
Solomon Is.			3 747	14 959	13 198
Taiwan	5 838	16 773	21 106	9 934	13 876
USA		943		2 266	4 943
Vanuatu		2 748	4 865	7 957	17 407
TOTAL	23 377	63 072	77 917	82 530	144 001

The following figure shows that Solomon Islands increased their market share over the last few years. However, Papua New Guinea and Federated States of Micronesia remain the main transshipment / unloading places in the WCP area with 200,000 to 250,000 tonnes per year each.

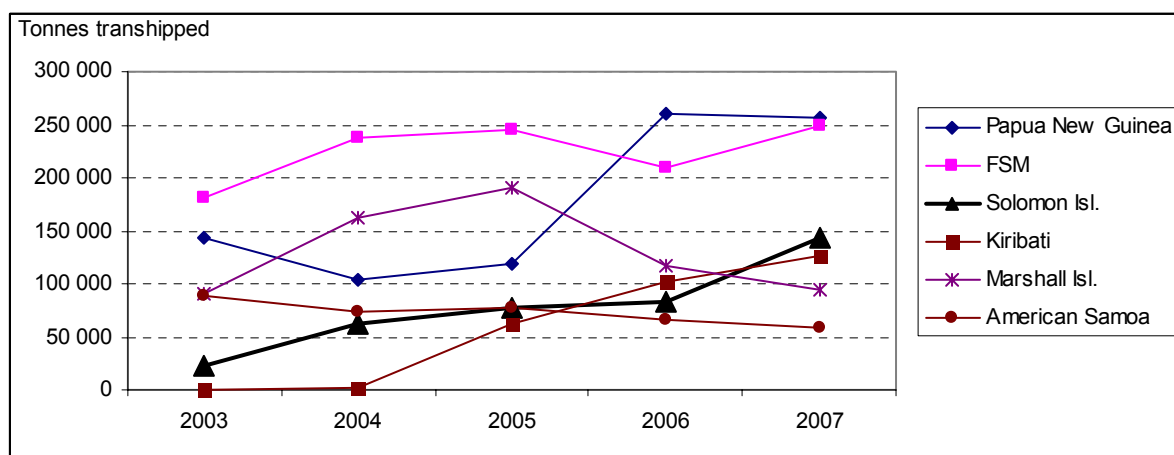


Figure 15 : Tuna transhipped / unloaded from the purse seine fleet by port country. Source: SPC

2.6.3. Access agreements concluded with other flag States

➤ *Bilateral access agreements*

Solomon Authorities conclude a number of bilateral access agreements with foreign associations of vessels owners of Japan, Korea, Taiwan, China, New Zealand, and with the European Community. The following details information that could be obtained on the content of some of these bilateral agreements for previous years.

Agreement with the Taiwan Deep Sea Tuna Boatowners and Exporters Association for Purse Seine fishing (Agreement for 2007 concluded end 2006)

The agreement does not set limits on the number of boats or the maximum catch permitted.

Each boat has to pay a permit fee of USD 1,000 (€ 730) and an access fee of USD 15,000 (€ 10,950). According to the Ministry, this amount is intended to represent 5% of the value of the catch. There is no provision in the agreement to review the access fee on the basis of actual quantity caught or value of the catch. In addition, each vessel has to pay an observer fee of USD 1,500 (€ 1,095) to the National Observer programme administered by the Government.

Concerning access conditions, the agreement includes exclusion from archipelagic or inshore waters, submission of weekly catch reports, entry / exit declaration, submission of logbooks, prohibition of transhipping and refuelling at sea, position reporting to FFA with a Government-approved VMS system. The agreement does not include obligation of hiring national crew members, nor to supply the local tuna industries.

Agreement with the Japan Far Seas Purse Seine Fishing Association (Agreement for 2007 concluded end 2006)

This agreement contains provision for fishing tuna in the EEZ of Solomon Islands with purse seine, longline and pole and line.

Purse seine

Each licensed vessel is entitled to catch up to 8,000 tonnes per year (equivalent to the total likely catch of one vessel). The agreement does not set a limit on the maximum number of vessel.

Each purse seiner has to pay a permit fee of JPY 100,000 (€ 620) and an access fee equivalent to 5% of catch value: the vessel pays an initial access fee of JPY 1,000,000 (€ 6,200) with adjustment to be

made, when 5% of the actual catch value exceeds this amount. The agreement details the calculation method which is based on catch information for each trip for quantities and three month weighted running average price at Yaizu for unit prices of catches. In addition, each licensed vessel is expected to pay a contribution of JPY 120,000 (€ 745) to the National Observer programme administered by the Government.

Access conditions are identical to those negotiated with Taiwan (see above).

Longline and Pole & Line

The maximum allowable catches within the Solomon EEZ for Japanese permitted fishing vessels is 6,000 tonnes for pole and line fishing vessels and 6,500 tonnes for longline vessels per permit period.

Both categories of vessels have to pay a permit fee of JPY 100,000. The access fee is intended to be 5% of catch value. The agreement sets the level of access fees to be paid by longliners on the basis of past fishing years, equivalent to JPY 3,410,000 per vessel for the whole year (€ 21,150). Pole & Liners are also subject to a 5% access fee based on an average figure for catch per trip (160 tonnes) based on previous fishing years. A contribution to the National Observer programme of JPY 120,000 per licensed vessel is also expected.

Agreement with the European Community

The agreement is negotiated for a maximum of 4 purse seiners and 10 longliners without limits on catches (the reference tonnage of 6,000 tonnes can be exceeded).

Each EC purse seiner has to pay an advance payment of € 13,000 equivalent for the fees due for 371 tonnes of tuna. The licence fee for an EC longliner is € 3,000 equivalent for the fees due for 80 tonnes of tuna. Each additional tonne caught is charged € 35. EC vessels have to pay each a € 400 contribution to the Observer programme. The contribution paid by EC purse seiners represented 5% of catch value in 2006, but slightly more than 3% in 2007 and 2008 when prices increased. Contribution of longliners is equivalent to less than 1% of price of target species. However, considering the contribution of EC shipowners and payments from the Community, each tonne of tuna caught in Solomon EEZ under the agreement is worth € 100 (€ 35 borne by shipowners, € 65 borne by the Community). This represents 13% of catch value in 2006 and almost 10% in 2007 and 2008. For EC longliners, the contribution negotiated under the agreement represents less than 3% of the catch value.

Other access conditions to the EEZ of Solomon are broadly identical to those imposed to Japanese or Taiwanese fleets. However, the Protocol attached to the FPA stipulates that EC fishing vessels shall undertake to employ Solomon nationals onboard, or to pay a lump sum equivalent to the wages of two crew members. According to the EC shipowners, no Solomon seamen have been hired on licensed fishing vessels mainly for practical reasons. On the other hand, neither the shipowners nor the EC have received a claim for compensation from the Solomon Islands Authorities.

Other bilateral agreements

The content of the other bilateral agreements concluded by Solomon Authorities could not be consulted (Korea, China, New Zealand). At least for Korean purse seine fleet, the main fleet present in the EEZ, the access fees are reportedly comparable to fees paid by Taiwan or Japan, i.e. 5% of the value of catch. It is not known however whether these access fees are lumped or subject to adjustments based on actual catches, as are the access fees payable by Japan or EC purse seiners.

Update on the bilateral agreements concluded by Solomon Islands in 2009

According to information received during the mission, all the Distant Water fleets mentioned above retained access to the EEZ of Solomon Islands in 2009 through renegotiated bilateral agreements. There are however two major changes:

- The level of contribution of the Distant Water fleets could be increased to 6% of the value of the catches (Korea, Taiwan). Only Japan could not accept an increase from 5% to 6% on the ground that the agreement with Japan also includes provision of goods and services to the Solomon Authorities (contribution in kind like provision of computer equipment, fishing gears, technical assistance) supplied by the OFCF upon specific requests from the Solomon Ministry of Fisheries.
- The recent bilateral agreements also incorporate the requirements of the Vessel Days Scheme adopted by the Parties to the Nauru Agreement and in force since 2008. Solomon Islands Authorities included in their bilateral agreements a maximum number of days that could be used in the Solomon EEZ by the foreign purse seine fleets to stay within the limits imposed of its PAE. The value of the agreements remains however negotiated on the basis of a percentage of the catch value. It has not been attempted to sell fishing days to foreign operators on the basis of whatever unit value. Rather, the number of days allowed by Solomon Islands is basically seen as a conservation measure.

➤ **Multilateral agreements**

Multilateral Treaty on Fisheries between Certain Governments of the Pacific Island States and the Government of the United States of America (commonly referred to as the "US Treaty")

Negotiated for the last time in 2003 until 2013, the US Treaty provides access to a maximum of 40 purse seiners to the waters of the 16 Parties²¹ to the Treaty. The structure of the US Treaty is summarised below. The US Party pays a total of USD 21 million per year including USD 18 million paid by the US Government on the USAid budget²² and USD 3 million paid by the US shipowners independently from the actual catches or number of active vessels. The value of the US Treaty is reportedly indexed on tuna ex-vessel prices. These amounts are disbursed as follows:

- First, an administrative budget is deducted from the total amount (approximately USD 500,000) for FFA Treaty administration;
- Second, Project Development Funds are deducted from the balance. Currently, the Fund totals USD 2.5 million annually. This money is distributed equally among the Pacific Islands and is made available upon project requests;
- From the remaining balance, 15% is distributed equally among all Pacific Islands, 85% is distributed according to where the catch is made (i.e. those countries that incur greater fishing pressure get a greater share of the 85%).

The Forum Fisheries Agency, along with the Treaty depositary (the Government of PNG) are responsible for the completion and circulation of the agreed upon Treaty text. It is not currently in the public domain.

²¹ The parties are the 8 Parties to the Nauru Agreement - the PNA - (Micronesia, Kiribati, Marshall Isl., Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu) plus 8 other non-PNA Pacific countries (Australia, Cook Islands, Fiji, New Zealand, Niue, Samoa, Tonga, Vanuatu).

²² Managed by the Bureau of Oceans and International Environment and Scientific Affairs (OES), Dept of States

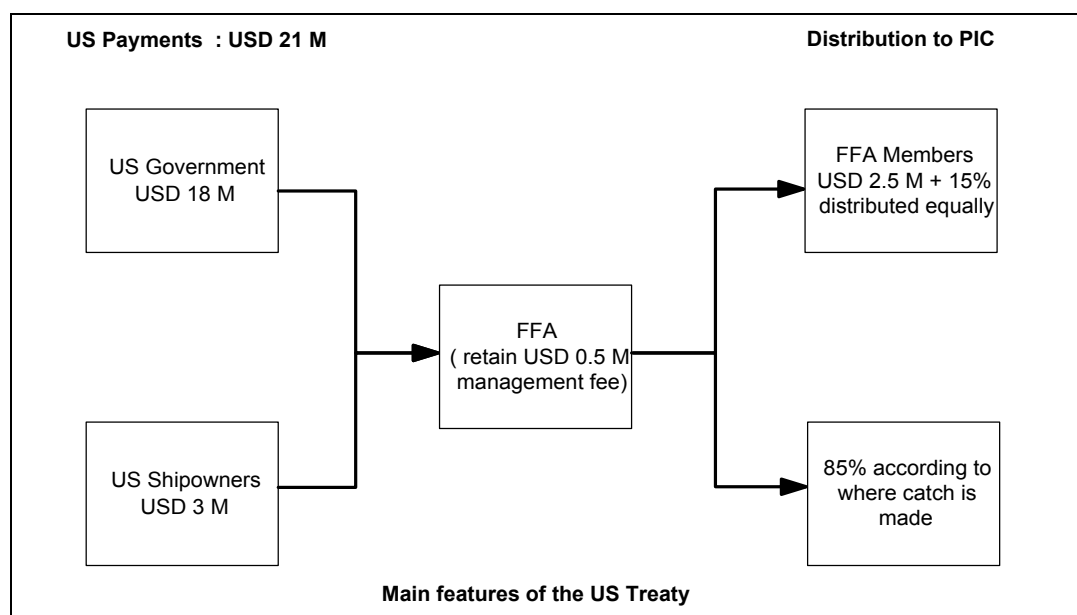


Figure 16 : Structure of the US Treaty

In addition, the US industry pays the equivalent of USD 164,000 per year as a contribution to the FFA observer fund. This contribution is the result of a formulae based on an observer coverage of 20% of the fishing trips realised by the US purse seiners²³ in the waters of the PNA.

Several factors have decreased the number of US purse seine vessels operating in the WCP area from an average of approximately 40 per year in the 1990s, to only 13 in 2007. Catches of the US fleet in this last year have been approximately 72,000 tonnes, putting the value of the agreement at an estimated 19% of the value of the catches. However, the US fleet is currently in a rebuilding phase (39 US purse seiners were reportedly active in the WCP area in 2008-2009 including 14 which are brand new²⁴), which should improve the cost benefit ratio of the multilateral agreement. Assuming the US purse seine fleet at full capacity catch a conservative 175,000 tonnes of tuna²⁵, the multilateral agreement is worth USD 120 per tonne, i.e. equivalent to the € 100 per tonne paid by the EC, but with a different balance between private and public funding (14% private - 85% public for the US Treaty, 35% private - 65% public for the EC fisheries agreements).

The parties to the Treaty meet annually to monitor the implementation of the multilateral agreement. The 21st Annual Consultation between the Pacific Island Parties and the United States was held in March 2009.

According to a communiqué published by FFA, outcomes of the consultation included:

- The US confirmed the application of recently agreed measures by the Parties to the Nauru Agreement and the Western and Central Pacific Fisheries Commission (such as high seas pockets closure, periodic FAD bans, 100% observer coverage and catch retention) to its fleet. However, further discussions will continue between the US and the Pacific Island Parties on how these measures will be implemented within the framework of the US Treaty.
- The US agreed on the normal budget to cover observer coverage on US vessels and further discussion is on-going on the budget needed for the 100% observer coverage during the periodic FAD closure in the 2009/10 licensing period that commences in June 2009.
- The US and Pacific Island Parties agreed to further cooperation on catch and effort data sharing and port sampling.

²³ The formulae has been reportedly revised recently but it is not in the public domain.

²⁴ Source : FFA Trade News, March April 2009.

²⁵ Example in 1998 when 39 US purse seiners declared 174,600 tonnes of catch. Logically, catch nowadays should be higher due to technical creep, lowering the unit value of catch.

- The US agreed that the FFA/VMS MapInfo baseline coordinates for the Pacific Island Parties are to continue to be used for the purpose of the Treaty, including for enforcement work arising under the Treaty, until such coordinates are officially varied by the respective Parties.
- Renegotiation of the Treaty for a new arrangement beyond 2013 when the current Treaty arrangement will lapse, will commence in late 2009 between the Pacific Island Parties and the US.
- The US agreed that the list of US fleet vessels, with names of ships, licence holders and other basic details will be made publicly available on the web
- The next annual consultation will be in March 2010.

Issues still to be resolved include whether or not the Pacific Island Parties and US will agree on application of the Vessel Day Scheme to the US fleet and the number of fishing days the US fleet will receive. The Treaty is due to end on 14 June 2013 when a new treaty or other kind of arrangement will have to be negotiated for the US to fish in Pacific Islands' waters. Renegotiation of the Treaty and discussions about the new scenarios are expected to start in late 2009.

From the perspective of Pacific Island Countries, the US Treaty raises a lot of concern. The first issue is that the unexpected revival of the US purse seine fleet from 13 vessels up to its maximum number allowed (40) within one year or so is in effect due to reflagging of mostly Taiwan-controlled vessels previously under the flags of Pacific Island Countries as a strategy to obtain unlimited access to all the EEZ under the Treaty, and to bypass the stringent fishing day quota offered under VDS for conservation purpose²⁶. This opportunistic redeployment is seen as unfair since *i)* the purse seine vessels concerned by reflagging are vessels that previously committed to become domestically based and were accordingly granted favourable access conditions (FSM arrangement) and *ii)* the purse seiners operating under the US Treaty are not constrained by the Vessel Days Scheme until it can be incorporated in the agreement. Forty US purse seiner operating 250 days a year could potentially exert a US fishing effort of 10,000 days in PNA EEZ while only 3,362 days have been accounted for in the calculation of the initial TAE (see section 2.4.2 page 25) according to WCPCF resolution of capping purse seine fishing effort to 2004 level.

2.7. Enforcement of conservation and management measures

2.7.1. Background

All fishing fleets operating in the WCP regulatory area have to comply with the management and conservation measures adopted by the WCPCF, whether in the high seas or in EEZ of Coastal States, and also with the additional or complementary specific management and conservation measures that the Coastal States may have adopted as part of their Legal framework or as part as the specific conditions attached to the licence issued. The compliance and control measures include *inter alia*:

- Good Standing on the FFA register
- Control and Monitoring of transshipment (forbidden in the high seas and in fisheries zone, permitted only in designated harbours unless authorisation is granted to process otherwise)
- Submission to Coastal State of logbooks in the zones and in the high seas (the latter obligation is part of the licensing conditions)
- Vessel reporting requirement (Entry - Exit; weekly notification of catch, harbour prior notification)
- Observers and observer coverage
- Appointment of a local agent
- Vessel monitoring system (VMS reporting)
- Area closure (in Solomon Islands, Archipelagic waters are closed to any foreign fishing vessel)

²⁶ Reflagging has been made possible by relaxation of the rules of membership to the US Tuna Boatowner Association possibly motivated by the threat of losing unused negotiated rights.

While it remains the competency of coastal countries to enforce the applicable regulations in the waters under their jurisdiction²⁷, FFA plays a central role in facilitating enforcement of existing conservation and management measures at regional level and fight against IUU fishing. The following paragraphs detail the main tools developed by FFA in this respect.

- **Vessel register:** FFA maintains a register of fishing vessels²⁸ authorised to fish in the EEZ of its Member countries. Vessels wishing to engage in fishing activities have to submit an application to FFA and pay registration fees (in 2009, USD 2,448 + USD 800 if the vessel is to fish in the EEZ of the PNAs). Registration is valid for one year. No foreign fishing vessel shall be issued with a fishing licence unless the vessel and its operator have good standing on the FFA Vessel Register (i.e. the vessel has a good record of compliance with MTCs, including VMS - see below - catch reporting, transshipment rules) and the vessel is registered on the WCPFC record of Fishing Vessels. As from June 2009, there were 4 EC purse seiners and 4 EC fish carriers on the FFA register of vessels in good standing. No EC longliners were present on the FFA register.
- **VMS:** FFA pools all VMS position of authorised fishing vessels in the WCP area. As part of the MTCs, all authorised vessels have to be fitted with an FFA-approved Automatic Location Communicator which sends VMS position a regular interval of time (1 hour for fishing vessels, 4 hours for other types of vessels). Coastal countries member of FFA have real time access to these VMS data for fishing activities falling under their competency, i.e. fishing vessels flying their flags wherever they operate, and fishing vessels in the waters under their jurisdictions. For the EU, VMS monitoring concerns potentially the Spanish purse seine and longline fishing fleets, but also 2 fish carrier vessels flying the flag of Cyprus, one carrier vessel flying the flag of Lithuania, and another carrier vessel flying the flag of Spain that have been registered with FFA. In total, the fishing fleet and associated fleet monitored by FFA (as of June 2009) includes more than 1,100 vessels, comprising 25 bunker vessels, 103 fish carriers, 742 longliners, 217 purse seiners and 30 pole and liners. FFA ensures that all ALC work properly and provide the required information, and if not, liaise with shipowners to rectify the situation. Vessels having a poor record of VMS transmission may be removed from the list of vessels in good standing and therefore not eligible for a fishing license in Member country EEZ. Monitoring of the fleets in the EEZ remains the competency of the Coastal States which use the VMS information for control and surveillance purpose as appropriate.
- **Observers:** FFA runs an observer training programme and coordinates deployment on fishing vessels according to coverage rates agreed. It is up to each country to recruit and pay its own observer corps and provide observers as and when needed.
- **Joint Patrols:** FFA facilitates the organisation of joint surveillance operations. Under operation "Bigeye" north of Equator and operation "Kurukuru" in the southern latitudes, seaborne and airborne patrol resources of Member countries are pooled, with additional control means provided by Australia, New Zealand, France (mainly planes) and USA (mainly cutters). Operations include planning and preparation, training and information gathering, data sharing procedures, operational phase with coordination of national headquarters from a central ops room often located in FFA HQ, and debriefing. Funding of these operations originate frequently from the Australian Defence. Budgets are used mostly to support running expenses of coastal countries (supply of fuel for the patrol vessels). Each joint operation costs in the region of € 350,000. Developed countries cooperating in these joint deployment operations bear their own costs.
- **Legislation strengthening:** FFA helps its member countries to update their legislative framework. It provides technical assistance to rewrite the legislation if it is outdated or to identify gaps for corrective measures. FFA ensures that the legislative framework is adequate to prosecute infringements made by national or foreign operators and that the penalty scheme

²⁷ Solomon Islands have three patrol boats to police its EEZ and benefits from aerial surveillance activities undertaken regularly by New Zealand over its EEZ. A few foreign fishing vessels could be arrested, but could not be prosecuted due to inadequate legal provisions in current the Fisheries Act.

²⁸ As per FFA definitions, a fishing vessel includes any vessel that catch fish or support catching activities. This definition encompasses therefore fish carriers or any type of support vessels in addition to real fishing vessels

is sufficiently high to act as a deterrent. Beside this legal technical assistance, FFA organises training workshops for national law-enforcement officers (like prosecution and dockside boarding workshops).

2.7.2. Compliance of EC fleet with the management and conservation measures

None of the EC vessels engaged in tuna fishing in the Western Central Pacific Ocean has committed serious offences over the last few years.

Concerning catch reporting, Solomon Islands Authorities have received a certain number of logbooks from the EC purse seine fleet, but cannot ascertain if coverage of fishing trips in the EEZ is complete or not. According to SPC which collates statistical information at regional level, coverage of operational data (logbooks) for Spain is low in recent years suggesting that not all logbooks are submitted as expected. However, aggregate data provided by IEO through the EC since 2004 have a high coverage. This means that regional institutions have a good grasp of global activities of the EC fleet in terms of number of boat operating and total catch, but have insufficient discrete data on fishing effort deployed (number of days fishing) and catch per unit effort.

As regards VMS, three of the four EC purse seiners comply adequately with VMS rules. VMS positions of the fourth purse seiner are not seen by FFA. However, the vessel did not enter the WCP area, concentrating its fishing operations in the EPO. Concerning fish carriers, which have also to report through the VMS, two Cyprus and one Spanish fish carriers comply adequately. The fish carrier flagged in Lithuania does not report through the VMS but it is not known whether the vessel is present in the WCP or not.

Observer coverage onboard EC vessels is satisfactory. There is a full observer coverage on each EC purse seiner operating in the WCP area as a consequence of the IATTC full coverage measure imposed on those purse seiners fishing on tuna associated with dolphins in the EPO.

3. THE SOLOMON ISLANDS POLICY FRAMEWORK

3.1. Solomon Islands current Fishery policy

As part of the Coalition for National Unity and Rural Advancement (CNURA) new policy statement delivered in January 2008, the Government endorsed a new strategic plan for the period 2008-2013 to foster the development of the fishery sector as part of the priority put on the emergence of the economic/productive sector in Solomon Islands.

Under an overall policy goal titled “the development and sustainable utilisation of sea and marine resources to benefit and contribute to the well-being of the Solomon Islanders”, the strategic roadmap assigned to the Ministry in charge of fisheries includes 8 expected outcomes:

1. Increased opportunities for rural fisherman to improve their standard of living by establishing on-shore fisheries and facilities and the introduction of pump-boats fishing projects
2. Establishment of Dolphin Assessment Monitoring Project
3. Increased potential value of fisheries and marine products by the setting-up of two tuna loin factory in the country
4. Strengthen Soltai fishing and processing company of its long term and economic viability
5. Improved Solomon Islands government earnings through the realisation of the internal value of the resource, and effective licensing procedures
6. Management plans and appropriate legislations are in place for the main stocks
7. Monitoring system in place that provide accurate and timely information on commercial and sustainable fisheries for all stakeholders, including regional agencies
8. Enhanced Ministry of Fisheries and Marine Resources organisational capacity systems and skills to support the Ministry achieve its goals.

A corporate plan elaborated by the Ministry of Fisheries for the period 2008-2011 sets out the reforms and strategies that the Ministry will need to adopt if it is to convert the Government's Sector Policies into acceptable outcomes. The corporate plan has been developed through a process of consultation with other government agencies and key stakeholders including communities, the private sector, donors and the civil society. It sets out a new organisation aiming at improving its own capacity to perform.

The Ministry is currently in the process of adopting two operational strategy papers, one focusing on oceanic tuna fisheries, the second focusing on inshore fisheries and aquaculture, while addressing important crosscutting issues like the reform and the adoption of a new Fisheries Act (anticipated end of 2009).

The oceanic tuna strategy will have as main objective to increase the profitability of commercial offshore fisheries and overall, to improve the value of fishery and investment led development opportunities providing social, fiscal and economic benefits to the country. Based on the current experience with shore industries, it is the understanding of the Ministry that more benefits can be accrued from the industrial tuna fisheries through the development of an alternative artisanal fishing fleet, the strengthening of Soltai economic viability and increased onshore investment in additional tuna processing facilities. Solomon Islands have comparative competitive advantages (cost of labour, availability of water, proximity to fishing grounds) compounded by the likely forthcoming increase in price of fuel, that can underpin the development of the tuna sector, providing thereby more employment opportunities in the provinces and increased State revenues. Importantly, the offshore strategy intends to take advantage of the new management regime of tuna fisheries (notably the vessel days scheme) to favour those fleets that show real interest in investment in Solomon Islands. Through the VDS, which does not take into account vessel nationality, Solomon Islands intends to reserve allocation of fishing opportunities to cooperating fleets at the expense of those fleets that catch tuna for other interests. Also, the offshore strategy will include consultations with other Ministries to improve the attractiveness of Solomon Islands to foreign investors. Korean (DongWon group), Japanese and Philippines (Frabelle) interests would have already started discussions with Solomon Authorities for new shore investments.

Inshore fisheries and marine resources play a critical and unique role in the rural economy of Solomon Islands, supplying daily protein and serving as one of the few sources of cash for the villagers. Inshore fisheries support livelihood of coastal communities and contributes to political stability. The focus of the inshore strategy will be to develop and implement management plans for key fisheries (beche-de-mer, trochus) and to foster aquaculture development. The Ministry intends to give more support to community-based management taking into account customary laws.

3.2. Budgets in support of the development of the fisheries policy

3.2.1. Recurrent budget

The Ministry of Fisheries receives a budget from the State to cover recurrent expenditure such as staff salaries and social taxes, building lease, electricity, communication, ... The recurrent 2008 revised budget was equivalent to SDB 10 million (€ 900,000), including 30% for payroll charges. 2009 budget forecasts stand at the same level. In 2007, the recurrent actual budget of the Ministry was considerably lower (€ 400,000) demonstrating that there can be considerable variations between the expected recurrent funding and the actual funding due to changing priorities of the Government.

3.2.2. Development budget

The development budget for the Ministry of Fisheries is shown in the table below. It consists in Non-Appropriated Funds which are contributions from Donors for funding specific projects and administered jointly by Solomon Islands Authorities and the Donors, and Consolidated Funds accruing from the State Budget. The table shows the actual estimated budget established for 2007 and 2008 as well as the prediction for 2009 and 2010. Figures for 2007 have been extracted from the 2008

Solomon Islands financing regulation, while the figures for 2008 and predictions for years subsequent have been extracted from the 2009 financing regulation.

For 2007 and 2008, the development budget for fisheries was equivalent to € 2.6 million. In 2007, Donor assistance represented 62% of the total development expenditures but 97% in 2008. Projection for 2009 anticipate a contribution from the State equivalent to the 2007 level, noting however that these are only estimates that may be revised during the year probably depending on external assistance availability. As an example, budget forecast for 2008 considered a SDB 8.6 million contribution from the State and SDB 11.1 million contribution from Donors with actual final figure being only SDB 0.6 million from the State and SDB 26.7 million from Donors.

Table 15: Development budget attributed to the Ministry of Fisheries and Marine Resources. Original figures in SDB (above) and equivalent in € (below). Source: Financing regulations for 2007 and 2008.

Figures in SDB	Estimated actual 2007	Estimated Actual 2008	Estimate 2009	Projection 2010
(a) Non-appropriated funds				
EU (Stabex) Rural pearl farming	2 927 040	0	0	0
EU (Stabex) Support fishing industry export	0	0	0	0
EU (Stabex) Aquaculture development Seaweed	4 759 499	3 502 031	200 000	0
Japan specialised training fishing technology	0	182 750	182 750	182 750
Japan improvement of fishery technology	0	1 271 940	1 271 940	1 271 940
Japan Technical advisory to SOLTAI	0	1 973 700	0	0
NZ (bilateral) Institutional Strengthening	7 639 230	0		
NZ (bilateral) Organisational Strengthening		9 000 000	12 000 000	12 000 000
Bilateral fisheries agreement	1 111 136	0	0	0
NZ (bilateral) Ministry office building	0	10 800 000	4 800 000	300 000
Total Non-Appropriated funds	16 436 906	26 730 421	18 454 690	13 754 690
(b) Consolidated funds				
Rural fishing enterprises	9 630 000		6 000 000	
Support to rural fishers	89 500			
Tuna loins factories in Suava Bay & Tenaru		448 304	2 000 000	
Dolphin assessment		164 302		
Pole & Line boats			3 000 000	
Pearl farming investment			1 000 000	
Total consolidated funds	9 719 500	612 606	12 000 000	0
TOTAL DEVELOPMENT EXPENDITURE (a+b)	26 156 406	27 343 027	30 454 690	13 754 690

Figures in €	Estimated actual 2007	Estimated Actual 2008	Estimate 2009	Projection 2010
(a) Non-appropriated funds				
EU (Stabex) Rural pearl farming	297 161	0	0	0
EU (Stabex) Support fishing industry export	0	0	0	0
EU (Stabex) Aquaculture development Seaweed	483 198	328 829	18 182	0
Japan specialised training fishing technology	0	17 160	16 614	16 614
Japan improvement of fishery technology	0	119 431	115 631	115 631
Japan Technical advisory to SOLTAI	0	185 324	0	0
NZ (bilateral) Institutional Strengthening	775 556	0		
NZ (bilateral) Organisational Strengthening		845 070	1 090 909	1 090 909
Bilateral fisheries agreement	112 806	0	0	0
NZ (bilateral) Ministry office building	0	1 014 085	436 364	27 273
Total Non-Appropriated funds	1 668 721	2 509 899	1 677 699	1 250 426
(b) Consolidated funds				
Rural fishing enterprises	977 665		545 455	
Support to rural fishers	9 086			
Tuna loins factories in Suava Bay & Tenaru		42 094	181 818	
Dolphin assessment		15 427		
Pole & Line boats			272 727	
Pearl farming investment			90 909	
Total consolidated funds	986 751	57 522	1 090 909	0
TOTAL DEVELOPMENT EXPENDITURE (a+b)	2 655 473	2 567 420	2 768 608	1 250 426

The table shows that New Zealand Aid is the main contributor to fisheries development in Solomon Islands with financial commitments between € 1 million and € 1.5 million per year. The focus of New Zealand Aid is on institutional strengthening of the Ministry of Fisheries based on the assumption that a developed Ministry with strong capacities is required to foster the economic growth expected from the fisheries sector in Solomon Islands. New Zealand started in 2006 the SIMROS programme which

is expected to lapse until 2009. New Zealand Aid is considering extending the funding of the institutional strengthening programme until 2018. Support of New Zealand under this programme includes training of Ministry staff, reorganisation of its corporate structure, supply and implementation of IT equipment, construction of a new Ministry building as well as provision of permanent and part-time technical assistance.

The other major source of funding is the EU through the 1998 Stabex funds (see section 1.4.1 page 7). According to Ministry budget figures, contribution from Stabex amounted to nearly € 800,000 in 2007 and € 400,000 in 2008 and focused mostly on development of income alternative for rural fishermen (seaweed culture and pearl farming), as well as contribution to the strengthening of the sanitary Competent Authority. Stabex also contributed to the rehabilitation of wharves in provinces, which indirectly support fisheries development. The status of the EC contribution included in the fisheries partnership agreement to support the implementation of the Solomon Islands fishery policy (€ 120,000 per year over 2006-2009) is unclear. An equivalent heading and amount appears in the 2007 budget under the non-appropriated funds category, like if this amount was considered as part of the Donor assistance programmes, although the EC contribution is intended to be a sectoral budget support. In 2008, this budget heading disappears and cannot be assumed to be fully part of the State budget contribution to fishery development which was equivalent to half of the amount concerned. It is therefore not possible to figure out how the contribution of the EC under the fishing agreement has been used from the analysis of the budget. Ministry staff do not have any indications either as the development budget is administered by the Ministry of Planning. Solomon Islands never notified the Community of the allocation of these € 120,000, noting however that the multiannual programme this contribution was supposed to support has never been defined as the partnership agreement initially anticipated.

Finally, Japan appears as the other source of external support to fishery development in Solomon Islands (€ 300,000 in 2008, € 130,000 forecast in 2009). According to Ministry officials, the contribution from Japan is wholly part of the bilateral agreement between the two parties. It is a contribution in kind additional to access fees paid by the Japanese shipowners.

3.3. Maritime policy

Solomon Islands do not have an integrated maritime policy, and is probably far from adopting one. As an archipelagic State with more than 80% of the population living in rural areas in the Islands, the current priority of the Government is to develop an efficient and safe maritime transport framework.

To pursue this objective, the Solomon Islands Government adopted the National Transport Plan for the 2007-2026 period to provide vision, strategies, policies, and immediate priorities for development of the Solomon Islands transport system. The vision states the importance of “an effective transport infrastructure and transport services to support sustained economic growth and social development in Solomon Islands.” The NTP addresses a strategic framework and direction for achieving the Government’s mission for the transport sector over 20 years by (i) developing transport sector services, (ii) developing and maintaining transport sector physical infrastructure, (iii) improving the competency and capacity of the Government agencies, and (iv) developing transport in the private sector. The NTP strategy aims to provide regular, reliable, and cost-effective shipping services to all areas of the country.

The most difficult challenge for the Government is to secure funding for maritime transport, including maintenance, rehabilitation, and operation of maritime infrastructure and the provision of reliable, equal, and safe services in Solomon Islands.

The EC, through the STABEX funds, already provides significant support to the National Transport Plan. About € 4.2 million have been spent on development of navigational aids, with another € 3 million invested in the post-tsunami rehabilitation of wharves. The National Transport Plan is also supported by the Asian Development Bank with provision of technical assistance for institutional strengthening of the Ministry of Transport. Recently, the EC (STABEX) and ADB have both secured a joint funding of a grant to improve the safety and efficiency of domestic maritime transport services through (i) civil works to construct about 12 rural wharves, and (ii) establishment of a franchise shipping scheme (FSS) to support service provision to remote communities using an output-based approach. Total financial commitment is approximately € 15 million, including € 10 million from ADB, €

3.5 million from the EC, and € 1.5 million from the National Government. The lifespan of the project will be from 2009 up to 2018.

Solomon Islands do not have as yet a project to connect all sea-related activities under the umbrella of an integrated maritime policy comparable to that adopted by the European Community. Priorities are on the hard side, i.e. trying to ensure that sectoral policies (transport, fisheries) are adequately funded and implemented.

4. EX-POST EVALUATION OF THE FISHERIES PARTNERSHIP AGREEMENT

4.1. Utilisation of the fishing possibilities negotiated

As shown in the following table, the utilisation of fishing possibilities negotiated has been excellent for the purse seiners (100% of the 4 licences have been requested by the European shipowners, although it appears that only 3 have been granted²⁹). The 4 licence possibilities have all been used by Spanish flagged purse seiners, although Reg (EC) 563/2006 allocates 3 purse seine licences to Spain and one to France (actually all used by Spain as France has had no interest so far in deploying fishing vessels in the Pacific until present).

As far as surface longliners are concerned, utilisation of fishing possibilities has been good the first year of the agreement (7 longliners drew licences out of a total possibility for 10). Utilisation has been nil the subsequent years. By Member State, Spain utilised in full its fishing possibilities the first year (6 licenses possible according to Reg (EC) 563/2006) while Portugal used only 1 out of 4 possible.

Table 16 : Summary of utilisation of the fishing possibilities negotiated under the fishing agreement with Solomon Islands. Source: DG MARE

Licensing period*	2006-2007	2007-2008	2008-2009
Purse seiners			
Fishing possibilities	4	4	4
Licence requested	4	4	4**
Ratio	100%	100%	100%
Longliners			
Fishing possibilities	10	10	10
Licence requested	7	0	0
Ratio	70%	0%	0%

* Licensing year starts on the 9th October of year N and ends 8th October of year N+1

** One licence application is currently refused by Solomon Islands Authorities for failure to comply with VMS rules

The reference tonnage set by the Protocol is 6 000 tonnes per year. No catch have been declared in Solomon Islands EEZ the first civil year of the agreement (2007) as no European vessel fished in the EEZ (see Figure 12), 627 tonnes of tuna have been caught the second full civil year (2008; 10% of the reference tonnage). These catch have been obtained by the two largest purse seiners of the Spanish fleet. None of the two other purse seiners entered the EEZ. There is no information as yet on the quantities caught in 2009 in Solomon EEZ, although reportedly some catch occurred. Note that the reference tonnage is not a quota per se, but a catch quantity used to estimate the value of the financial contribution paid by the EC to Solomon Islands under the Agreement on the basis of € 65 per tonne.

²⁹ According to information received from the Commission, one Spanish Purse Seiner (Aurora B) is denied license in Solomon Islands EEZ by the Solomon Islands Authorities for failure to comply with VMS rules.

4.2. Ex post value of the agreement

The total finances received by Solomon Islands under the current fishing agreement include:

- The financial contribution paid by the Community onto the Government Revenue Account with the Central Bank (CBSI). It is € 400,000 per year since the reference tonnage has not been exceeded at least over the two first year of the agreement
- The licence fees paid by the European shipowners onto the same account: each purse seiner has to pay an advance payment of € 13,000 equivalent to the fees due for 371 tonnes of catch. According to preliminary information received from the Commission, one purse seiner declared total catch in the EEZ of 432 tonnes (Albatun 3), *i.e.* 61 tonnes in excess of the threshold used to calculate the advance payment. These additional 61 tonnes should increase the cost of the license of this particular vessel to € 13,000 + € 2,135 = € 15,135. All the other purse seiners declared zero catch or catch under the threshold. As for surface longliners, each vessel has to pay an advance payment of € 3,000 equivalent to 80 tonnes of catch. According to information received, none of the surface longliners licensed declared any catch in Solomon Islands EEZ.
- A contribution to the national observer programme paid by the European shipowners onto the same account lodged at the CBSI: each vessel has to pay a flat contribution of € 400 per year upon license application independently from its presence in the Solomon EEZ

In summary, and on the basis of actual utilisation of fishing possibilities and catches in the Solomon Islands EEZ the first two years of the agreement, the Government Revenue Account has been credited a total varying between € 455,735 (2nd year) and € 477,400 (1st year) according to the breakdown shown in the table below, assuming all license applications have been successful. Around 85% of these payments is made by the Community.

Table 17 : Summary of payments (in €) from the European party to the Solomon Islands under the fishing agreement

Licensing period	2006-2007	2007-2008	2008-2009*
Purse seiners	52 000	54 135	52 000
Longliners	21 000	0	0
Total license fees	73 000	54 135	52 000
EC Contribution	400 000	400 000	400 000
Contribution to observer programme	4 400	1 600	1 600
Total income	477 400	455 735	453 600

* Provisional, catch data not available

The EC contribution under the Solomon Islands fisheries partnership agreement represents only 0.2% of the € 170 million budgeted annually by the EC for payments of all fishing agreements contributions, and less than 0.05% of the total budget of DG MARE (~ € 900 million annually). The agreement has therefore a fairly small incidence on Community budget.

4.3. Economic Analysis

4.3.1. Prices of target species

➤ Purse seine

Skipjack prices began noticeable increases after mid-2007 following a relatively flat and stable trend throughout 2006. Over the first half of 2008 skipjack prices took a further sharp upturn due to poor world supply condition. Prices relaxed during the second half of 2008, and frozen skipjack sold in early

2009 for less than € 900 / tonne in Bangkok. Yellowfin prices have been trending up for much of the period peaking in 2007. Similarly to skipjack, yellowfin prices decreased over 2008 to reach 2006 levels. The following table shows the average annual prices obtained by the EU purse seiners over the last five year (in € per kg) for the two main target species. The average price is estimated assuming EC catch composition identical to the whole WCP purse seine fleet (85% skipjack, 15% yellowfin).

Table 18 : Average annual price of the main target species of purse seiners. Source: professional associations

In € / kg	2004	2005	2006	2007	2008
Yellowfin	0.82	1.04	1.41	1.70	1.40
Skipjack	0.56	0.59	0.76	1.03	1.02
Average	0.60	0.66	0.86	1.13	1.08

According to market specialists, tuna prices are bound to further increase in 2009 due to fears that upcoming tuna fishing bans in major catching areas will squeeze the global supply for the canning industry. The general mood in the market is that in all major catching areas around the world prices will continue to show a consistent rising trend for at least the coming 4 months. Predictions tend to vary widely – but some traders project skipjack 1.8kg to be at around USD 1,750 per ton (€ 1,250) and even higher by September this year (source: Atuna.com). This price increase may contribute to weaken the bargaining power of the EC. Under this expected price conjunction, the contribution paid by the EC under fishing agreements (€ 100 per ton) would represent 8% of the ex-vessel value of fish whereas it was above 12% until 2006. This is still higher than fees paid by other DWFNs (5% to 6% of fish value on average), but the gap narrows.

➤ Longline

Prices of target species of EC surface longliners are shown below. The average price is estimated assuming 50% catch is swordfish and another 50% includes oceanic sharks, of which 75% is Blue shark and 25% Shortfin mako.

Table 19: average annual price of the target species of surface longliners. Source: Puerto de Vigo

In € / kg	2004	2005	2006	2007	2008
Swordfish	5.00	4.90	4.70	3.90	4.00
Blue shark	0.95	0.80	1.10	0.90	0.70
Shortfin mako	2.00	2.00	2.70	2.20	2.02
Average	3.11	3.00	3.10	2.56	2.52

The average composite price of surface longliners (€ 2.56 / kg in 2007), which operate South of 20°S, is about half the composite price obtained by Asian longliners (€ 5.1 / kg in 2007, source SPC) targeting sashimi grade yellowfin and bigeye in tropical waters (including Solomon Islands EEZ).

4.3.2. Economic impact

Catches of EC fleet in the EEZ were nil in 2007 and of 627 tonnes in 2008. Based on the average prices of target species (Table 18), the catch value was close to € 680,000 in 2008 (nil in 2007). Under the assumption that the gross value added created by a purse seiners can be approximated to 45% of turn over³⁰, it would be slightly in excess of € 300,000. While the main part of the gross value added accrues to the EC (wages of EC crew plus profits), a minor part of this value added is shared with Solomon Islands (basically licence fees plus observer fees for approximately € 54,000 pa plus occasional transshipment fees) and with other third countries (mainly Ecuador for the wages of the foreign crew onboard the Spanish seiners and Kiribati assuming most of transshipments take place in

³⁰ Ratio estimated in recent evaluations of fishing agreements adjusted to take into account increase in fuel prices (48% in 2006 adjusted to 45% in 2008).

this country). The downstream value added generated by the processing of catch in canneries benefits mainly to Ecuador, American Samoa or Thailand, i.e. where the catch from EC purse seiners are exported. No catch is directly processed in Europe although some European canneries may incorporate in their processing activities tuna loins prepared in the above countries out of raw material caught by the EC fleet.

A recent overall evaluation of Fisheries Partnership Agreements³¹ estimated the total turnover of EC fleets using fishing possibilities negotiated under all fishing agreements to € 433 million per year on average over the 2004-2007 period (representing 6% of the turnover of the entire Community fleet), of which € 115 million are attributable to the EC tuna fleet. The turnover generated by the fleets fishing under the agreement with Solomon Islands represents obviously a fairly small share of the total turnover of the EC fleets under fishing agreements.

However, considering the whole EC purse seine catch in the Western Central Pacific ocean (Table 10 page 34), the 2007 EC turnover in the WCP area was approximately € 22.3 million, i.e. 19% of the turnover of the whole EC tuna fleet independently from where it operates, and 5% of the total turnover generated by all EC fleets under EC fishing agreements. Assuming the deployment strategy of the EC purse seine fleet in this oceanic region is underpinned by the existence of the three FPAs currently in force, the Fisheries Partnership Agreement with Solomon Islands can be estimated to contribute to this share of turnover, although modestly. Nonetheless, the contribution of the Solomon Islands agreement to total value of EC landings and proportionally to the total EC value added remains at a low level, less than 1%.

4.4. Impact on employment

The total manpower onboard the EC purse seiners vary between 20 and 28 crew (average 24). Out of these 24 crew members, it can be assumed that 8 are EC nationals, and the remaining 16 third country nationals dominated in the case of Pacific fishery by Ecuadorian nationals. According to the EC professional association of tuna purse seiners, there are no pacific islander employed onboard.

Consequently, the 4 EC purse seiners engaged in Pacific fishery can be estimated to support employment for 32 EC nationals and 64 third country nationals, mostly Ecuadorians. These numbers represent obviously a very small share of the 2 250 EC nationals employed onboard EC fishing vessels exploiting fishing possibilities negotiated throughout all ongoing FPAs³², and an even smaller share of total EC employment in the catching sector (190 000).

Impact on employment in Solomon Islands is minimal. No Solomon crew has been employed on the EC fleet although the protocol explicitly opened this possibility. Occasional transshipments of EC vessels in the ports of Solomon Islands offer limited workload for Nationals as operations are conducted side by side by the crew of the fishing vessels and the crew of the carrier with little interactions with shore-based industries.

4.5. The Partnership approach

The Fisheries Partnership Agreement signed between Solomon Islands and the EC and its associated Protocol integrates the partnership approach promoted by the Commission since the 2004 Council conclusion on COM (2002) 635 and now fully implemented throughout all fisheries agreement currently in force. In short, partnership means that the two parties agree on a multiannual programme with a view to defining and implementing a fishery policy promoting responsible fishing practices³³. According to the agreement, the Solomon Islands Authorities undertake to allocate 30% of the

³¹ Overall Evaluation of Fisheries Partnership Agreements. Study contract n°17 under Framework Contract FISH/2006/20. Published March 2009, restricted circulation.

³² Same source as above

³³ Based on experience from other fisheries partnership agreements, this includes measures related to fight against IUU fishing, support to scientific research and reduction of the impacts of fishing on the environment. The partnership includes also strengthening of sanitary control of fisheries products exported and promotion of European investment in the partner country.

financial compensation (i.e. € 120,000 annually) with a view to implementing the multiannual programme agreed upon.

Based on the Protocol clauses, the multiannual programme was to be discussed and agreed upon within the first meeting of the Joint Committee to be held no later than three months after the entry in force of the agreement (i.e. 9 October 2006). The implementation of the fisheries policy support programme was to be reviewed by the Joint Committee which is scheduled to meet at least once a year. Solomon Islands were to notify the Community of the financial allocation each year also.

During the first three years of the agreement, none of these clauses have been complied with. The Joint Committee never met, and as a result, there has been no fishery policy dialogue between the two parties. The Community has not received notification of the utilisation of the financial allocation devoted to fishery policy support. A review of the budget of the Ministry of Fisheries indicates that it is likely that this specific financial allocation has been used for other purposes. In spite of that, the financial contribution has been paid regularly. However, contrary to other fisheries partnership agreements (e.g. Mauritania, Guinea Bissau), the agreement with Solomon Islands do not include a safeguard clause whereby the Community may suspend application of the Protocol or review the financial allocation in the event of failure by the partner country to comply with commitments made with regard to implementation of its sectoral fisheries policy. The agreement with Solomon Islands merely considers a reduction of the share of the financial contribution devoted to fishery policy support if the evaluation of the progress made in implementing the multiannual programme so warrants, which is a rather unharmed clause.

According to Commission's services, the non-compliance with the partnership agreement clauses are attributable to difficulties to establish contact with Solomon Islands authorities, compounded by the remoteness of Solomon Islands from Europe. Note that the partnership aspects of the fishing agreements with Pacific Islands are totally centrally managed from Brussels by DG MARE. Unlike other regions (North Africa, West Africa, Indian Ocean), there is no dedicated decentralised Commission's staff assigned to the monitoring of ongoing fishing agreements in the Pacific.

The foregoing does not mean that there has been no contact between the Community and Solomon Islands under the agreement. However, they have been minimal. Solomon Islands Authorities submitted early 2009 to the European Commission a provisional version of the new National fishery policy for the 2008-2013 period, but the EC did not comment on it, at least officially. A technical meeting between the two parties could be organised in December 2008 in the margin of the annual meeting of the WCFPC to discuss general issues. Additionally, there have been regular administrative contacts between the Solomon Islands Authorities and the European Commission for the attribution of the fishing licences to the eligible European fishing vessels.

In summary, it may be concluded that the partnership component of the fishing agreement has been virtually inexistent. It occurs also that the partnership with the other Pacific Islands having signed a fishing agreement with the EC (Federated States of Micronesia, Kiribati) is on the same low level. This is obviously a missed opportunity to strengthen fishery policy of the partner country, noting however that the regional initiatives funded under the successive EDFs appear to have a strong positive impact on fisheries development and on the image of the EC in the region. Incidentally, the absence of sectoral partnership dialogue under the Pacific FPAs can be a detrimental example for partner countries in other part of the world (West Africa, Indian Ocean) under FPA with the EC who strive to implement multiannual programmes according to Protocol clauses under the threat of reduced payments in case they do not achieve the objectives set.

4.6. Main lessons learnt from the ex-post evaluation

The investment of the Community in a fisheries partnership agreement with Solomon Islands was expected to contribute to the following objectives, which are common with all other fisheries partnership agreements concluded by the Community:

- a) safeguarding employment in the regions of the Community dependent on fishing;
- b) securing the continued existence and competitiveness of the Community's fisheries sector;

- c) developing, through partnership, the fisheries resource management and control capacities of third countries to ensure sustainable fishing and promoting the economic development of the fisheries sector in those countries by improving the scientific and technical evaluation of the fisheries concerned, monitoring and control of fishing activities, health conditions and the business environment in the sector;
- d) ensuring adequate supply for the Community market.

Concerning objectives a) and c), the agreement with Solomon Islands has had overall a negligible contribution. The main reason is that the Community fleet concerned by this agreement numbers only potentially 4 purse seiners and 10 surface longliners, of which only 4 purse seiners have requested fishing licences in Solomon for all the years of the agreement. The low contribution to these two objectives is further compounded by the fact that fishing by licensed fishing vessels took place mostly out of the EEZ. This low contribution to objectives a) and c) could be expected. The recent overall evaluation study of all Community fishing agreements demonstrated that the Community fleet using fishing possibilities negotiated under all fishing agreements represents only a small percentage of all Community fleet outputs (in terms of production, turnover, value-added, employment and supply to the market). No major contribution could be expected from an agreement that represents 0.5% of all EC financial commitments to third countries under Fisheries Partnership Agreements.

Concerning objective b), the fisheries partnership agreement has been useful to secure access of EC tuna purse seiners to one of the most productive tuna fishing ground in the Western Central Pacific. The resource targeted is highly migratory and its movements are largely driven by oceanographic conditions. Fishing vessels must be able to follow the resources wherever it is present, i.e. in the high seas as well as in the waters under jurisdiction of Coastal States, and therefore have an access to all key EEZs. The access to Solomon Islands waters proved useful in 2008/2009 when La Niña conditions prevailed over the Pacific Ocean, meaning that fish tended to concentrate in the Western waters. Under El Niño episode, fish migrate in the Central/Eastern part of the Pacific Ocean and is less abundant in Western waters, including in the Solomon Islands EEZ. Therefore, the current network of EC fishing agreements in the Pacific is adequate to support the deployment strategy of the EC purse seine fleet, noting however that an extension of this network to other PNA countries (such as Tuvalu, Papua New Guinea or Marshall Islands) would further complement the fishing possibilities that the EC purse seine fleet could use in the sub-region.

Concerning objective c), the result is disappointing. For some reasons, the EC and Solomon Islands could never start the sectoral dialogue with a view to promoting responsible fishing practices as anticipated by the agreement. Consequently, the EC had no influence on fishery policy developments in Solomon Islands though the partnership and it is likely that the part of the financial contribution earmarked for support to fishery policy implementation according to the protocol has been used for other purposes. However, several facts mitigate the consequences of this failed partnership. Firstly, the modest EC contribution to fishery policy (€ 120,000) compared to the development budget of Solomon Ministry of Fisheries (approx. € 2.5 million per year) could not be expected to be pivotal. Other donors, and in particular New Zealand, have a much more influential role on policy development through the aid granted to the Ministry of Fisheries since 2006. Secondly, other sources of EC funding could be used to satisfy the fisheries development needs of Solomon Islands. One of these funding sources is STABEX that could be used over the last few years to support national inshore fisheries development as well as maritime infrastructure repairs. However, STABEX funds had to be committed before end 2008 and will lapse until end 2010. The other significant funding source includes the successive regional Pacific EDF programmes that have been used to improve scientific advice, strengthen data collection procedures, foster the development Pacific Islands economies or combat IUU fishing. Solomon Islands which are part of a region and of a sub-grouping of countries (the PNA) where fisheries management strategy is highly integrated could benefit from the EC regional cooperation strategy focusing on management of natural resource and expected to continue over the duration of the 10th EDF.

Concerning financial conditions of access, it emerges that the contribution paid by the EC (€ 400,000 per year) is too high compared to the economic and social impacts of the agreement. During the first year of the agreement, the returns for the Community are clearly negative (no catch made in the EEZ). For the second year, the contribution paid by the Community represents 63% of the turnover of the fleet while the expected proportion of turnover from tuna agreements is 8 to 12% of catch value

(depending on fish prices). The return in terms of value-added generated is also negative (€ 1 invested by the Community yielded less than € 0.75 value-added for the European sector during the second year, and nothing the first year). Most tuna fishing agreements concluded by the European Community in other part of the world have highly positive financial returns (the benchmark is that € 1 invested generates € 4 to € 5 value added). It is therefore likely that the value of the fishing rights under a new fishing agreement with Solomon Islands will have to be revised downward. Comparison with access fees paid by other foreign operators indicates that the € 100 per tonne negotiated by the EC is fair and above the price paid by other foreign interests for purse seining. The same price negotiated for EC surface longliners is way below the price paid by Asian operators. However, target species are not the same (swordfish for EC operators, sashimi grade tuna for Asian operators), and it is likely that this will not be an issue any longer as EC surface longliners are unlikely to be included in a future agreement based on the low utilisation of fishing possibilities negotiated under the current protocol and the current deployment strategies in the Southern latitudes of the Pacific Ocean.

Finally, concerning protocol conditions governing fishing activities by Community vessels in the Solomon Islands fishing zone, it could be noted that they are similar to conditions imposed by Solomon Islands to other Distant-Water fishing nations (closed area, reporting, observers). The rules imposed by Solomon Islands are based on WCPFC conservation and management measures but also on specific management measures jointly adopted by the PNA in their EEZ. The only major difference is the inclusion of an incitation to embark National seamen onboard fishing vessels in the protocol signed by the EC which is not part of the agreements signed with other Distant-Water Fishing Nations. However, the clause did not produce any effect as no seamen have been hired by EC shipowners for mainly practical reasons.

4.7. Recommendations for the future

4.7.1. Interest in continuation of the current agreement

From the perspective of the European tuna purse seiner operators, there is an interest to keep an access to the EEZ of Solomon Islands as part of a sub-regional network of fisheries agreements. Although the EC purse seiners currently exploits mostly the waters under jurisdiction of Kiribati as a continuum of their fishing strategy in the Eastern Pacific Ocean, the availability of an access to the EEZ of Solomon Islands can prove useful when fish concentrates in the Western waters under particular oceanographic conditions. In addition, the following factors compound the interest of an access to the EEZ of Solomon Islands:

- The conservation and management measures adopted by IATTC in the EPO will lead to decrease fishing opportunities in the Eastern Atlantic (seasonal closures) for all the purse seine fleets. EC purse seiners will have therefore to develop alternative deployment strategies in the WCP area to preserve their economic viability.
- The fishing rights in the high-seas of the WCP attributable to the EC purse seine fleet are low. According to CMM 2008-01, the EC purse seine fleets should limit its fishing effort to a maximum of 103 days per year in the high-seas which is low compared to the number of days of exploitation of one single purse seiner (at least 250 days per year). The alternative is to spend more fishing days in the EEZ of Coastal States under the framework of the VDS adopted by the PNA. Additionally, some high-seas pockets are subject to seasonal closures and FAD restrictions unilaterally imposed by PNA countries as part of their access conditions. The WCPFC may also enforce similar seasonal closures of high seas pockets as from 2010.
- The price of fuel, which can represent up to 25% / 30% of the turnover of a purse seiner, is likely to hike again in the near future. The consequence is that EC fishing vessels will have to base their operations close to the fishing grounds to avoid costly steaming time. Consequently, if the resource concentrates in western waters of the WCP area under certain environmental conditions, vessel's profitability will be improved if the fleet can access the EEZ of Solomon Islands, fish and unload there instead of having to steam back to the central part of the WCP.

Concerning EC surface longliners, it appears that there is no interest to keep access possibilities in the waters of Solomon Islands. After conducting experimental fishing in tropical waters over 2004 / 2005, the EC longliners resumed operations in the southern latitudes where the target species (swordfish) is

more abundant. There are currently no EC surface longliners on the FFA list of registered vessel in good standing meaning that none of these vessels can obtain a fishing licence in any of the EEZ of FFA member countries. Should there be an interest from the EC longline fleet to access one of the EEZ of the PIC, it is likely that the FFA registration procedures would have been completed adequately.

At EC Member States level, only Spain has an interest in keeping an access to the Solomon Islands EEZ for its vessels. The two other Member States that flag tuna purse seiners (France and Italy) have currently no such vessels in operations neither in the WCP area nor in the EPO area, and do not anticipate a need in the foreseeable future³⁴.

From the perspective of the European Community, there is also an interest to maintain a relationship in the fisheries sector with Solomon Islands:

- In 2006, the European Community adopted a new strategy for strengthening the partnership with Pacific Islands, including *inter alia* more focused development action on sustainable management of natural resources. This priority is taken up by Regional EDF programmes which allocate substantial funding to programmes aiming at supporting regional integration of fishery management, developing shore industries and promoting responsible fishing practices (robust scientific advice, fight against IUU fishing). A Fisheries Partnership Agreement with Solomon Islands can underpin this strategy by providing additional support for the implementation of a National Fishery Policy which would complement EDF regional initiatives.
- The Green Paper on the reform of the Common Fishery Policy³⁵ emphasises that the introduction of regional forms of cooperation should be explored as a mean to better achieve sustainability beyond EU waters. Given the high degree of transnational integration of fishery management promoted by the 8 Pacific countries parties to the Nauru Agreement (incl. Solomon Islands), which may go as far as creating a PNA secretariat separate from FFA for regulating fisheries, the European Community will probably find an unique opportunity to conclude some kind of regional arrangement in line with the ideas promoted in the Green Paper. While it may take some time to negotiate a form of regional fisheries partnership agreement, the Community has an interest to prolong its current relationships with Solomon Islands, as well as with other PNA countries (FSM, Kiribati), to prepare for this major change.
- Finally, it is part of the EC strategy to strengthen the framework of RFMOs as a mean to promote fishery governance. The WCPFC, to which the EC is a contracting party, has been so far arguably unable to introduce any measures to effectively reduce fishing mortality on key tuna stocks³⁶, but the 2008 meeting of the Commission showed that PNA countries have considerable leverage to ensure that the WCPFC introduce compatible measures in the areas of international waters. A Fisheries Partnership with Solomon Islands and other PNA countries would contribute to ensure that the EC can be associated with PNA initiatives and complement their actions to strengthen the WCPFC conservation and management framework. Additionally, the EC will have a higher profile in WCPFC if the activities of its fleets are managed by public agreements.

The Authorities of Solomon Islands have also an interest to conclude a new Fisheries Partnership Agreement with the EC:

- Solomon Islands need foreign exchange reserves to maintain macroeconomic stability. A guaranteed income over at least a three year period from a Fisheries Partnership Agreement will provide part of the needs of the country.
- The Solomon Islands Ministry of Fisheries has problems to secure funding to support the implementation of its National Fishery Policy and depends to a large extent on external aid to implement programmes administered by Donors. A new Fisheries Partnership Agreement with the EC would help to secure national funding over several years for policy development that are not supported by Donors, or to provide a National contribution when it is required.
- An export-oriented tuna processing industry developed in Solomon Islands. The recent investment an international tuna company (TriMarine) in Solomon and the likely placing of the

³⁴ France was granted one purse seine licence possibility under the current protocol (see section 4.1) but never used it

³⁵ COM(2009) 163 adopted by the Commission on 22.4.2009

³⁶ See for example Langley & al. - 2009 - Slow Steps Towards Management of the World's Largest Tuna Fishery. Marine Policy 33, pp 271-279

country on DG SANCO List I of third countries authorised to export compound the prospects for further developments, much needed to diversify the economy away from logging. The main problem that this industry is facing is the lack of supply of raw material meeting the current requirement of the Community for import (rules of origin, sanitary standards and forthcoming catch certification as per Reg (CE) 1005/2008). In the event that EC purse seiners have the possibility to access Solomon Islands EEZ and call into its ports, the Solomon Islands shore industry would be in a better position to buy eligible raw material from the EC purse seine fleet. Additionally, the axis of the partnership focusing on promotion of investment can help to foster integration of EC fishing activities in the economy of Solomon Islands.

- The new rules of access adopted by PNA (the VDS and associated measures) have as major consequence that fishing opportunities are no longer granted on the basis of fixed allocations to certain flags. The PNA have a pool of fishing days they can allocate to any party as they wish. Solomon Islands have had some problems with some Distant Water fishing fleet (e.g. Taiwan, US) and are keen to favour a party that enforces high operating standards for its fleet, and overall, that brings some contribution to the development of the National industry. The EC is considered by Solomon Islands as a responsible and accountable fishing partner.

As a conclusion, it appears that there is a strong interest from the main parties to the current agreement to conclude a new protocol that would prolong the partnership between Solomon Islands and the European Community with a view to preparing a more ambitious regional agreement with PNA countries.

4.7.2. What duration ?

The Fisheries Partnership Agreement with Kiribati ends in December 2012. The current protocol under the Fisheries Partnership with FSM ends in February 2010, but is likely to be extended up to Feb. 2011.

If the medium term objective of the EC is to conclude some sort of regional agreement with the PNA countries in line with the ideas promoted in the Green Paper, the Fisheries Partnership Agreement with Solomon Islands could be renewed for a period of 3 years to lapse until end 2012 when the Kiribati agreement will expire. For practical reasons the Solomon Islands agreement could be set to expire on 31.12.2012 and the two other Fisheries Partnership agreements set to expire on the same date by means of exchange of letters. This would give to the Community approximately three years to prepare and conclude a regional agreement that would start on 01.01.2013, which seems realistic.

Alternatively, the agreement could be prolonged for a longer period of time (i.e. 5 years) with a clause allowing earlier termination in case of conclusion of a regional agreement to which Solomon Islands would be party.

4.7.3. What fishing capacity ?

It is clear that a new protocol should only include fishing opportunities for tuna purse seiners.

According to the VDS, the EC and Solomon Islands should agree on a maximum number of days the EC purse seiners could fish in the Solomon EEZ, bearing in mind that each fishing day of a European purse seiner is counted one and a half days for VDS purpose (i.e. negotiating 225 fishing days in the Solomon EEZ according to VDS gives in effect 150 fishing days to the EC purse seine fleet³⁷).

During the mission, it could not be found out how many fishing days could be allocated to the EC party by Solomon Islands out of its PNA allocation (PAE) of 2,361 days. The amount of fishing days for the EC party depends on the amount already transferred to other Distant Water fishing nations including Korea, Japan, China, Taiwan and New Zealand. This amount has not been disclosed, noting however

³⁷ The number of days considered here and in the next sections is purely a working assumption. It does not necessarily reflect neither the needs of the European fleet nor a vessel-day envelope Solomon Islands may decide to allocate to the EC fleet.

that it can change when a new Management Year starts. The needs of the European fleet are not known either, but could be estimated using the VMS positions received by the flag State of the purse seiners (Spain).

It would be also appropriate to set an upper limit to the number of EC purse seiners allowed under the agreement to avoid unnecessary competition between EC operators for access and to properly manage the fleet. As forecast by the current protocol, the maximum number could be 4 purse seiners, with possibility to increase the number of licences, providing Solomon Islands remain within the limits of its PNA fishing day allocation.

4.7.4. What contribution ?

Although one of the objectives of the VDS is to use competition between Distant-Water Fishing Nations for fewer fishing opportunities to increase the value of the fishing rights, and therefore sell fishing days at the highest rate possible, Solomon Islands continue to negotiate the price of access on the basis of the value of catch, using a vessel day limit for conservation purpose.

On this basis, it is likely that the EC will be able to negotiate fishing rights on the basis of a price per tonne of tuna caught, as it is the rule across all EC fishing agreements. The current standard rate of € 100 per tonne remains fair compared to rates paid by other fishing interests, although one could argue that it should be revised upward given the dramatic increase of tuna prices over these last few years.

The reference tonnage set by the current agreement is obviously too high compared to the actual utilisation of the fishing opportunities. It is clear that a new protocol should seek to obtain better balance and consistency between the value of fishing rights negotiated and the likely utilisation of fishing opportunity by the purse seine fleet. A further constraint is that there should be some consistency between the number of days allocated and the reference tonnage agreed. A method to do that could be to consider the average catch per unit effort of a Spanish purse seiner (between 25 and 30 tonnes per day, subject to more precise information to be obtained from IEO) and multiply this average catch per unit effort by the number of fishing days granted by Solomon Islands.

Alternatively, the EC could seek to negotiate the cost of access in terms of fishing days only. This is a new approach, not used so far under any fishing agreement, but it has the potential advantage of being easily monitored by VMS and foremost, to get away from the recurrent problem of the reliability of catch declarations submitted by EC shipowners, regularly challenged by Coastal States. Assuming catch per day is between 25 and 30 tonne for a single purse seiner, the potential negotiated value of an actual fishing day paid by the EC in exchange of access could be between € 65 x 25 = € 1,625 and € 65 x 30 = € 1,950, translating into between € 1,083 and € 1,300 per VDS fishing day. However, as stated above, it is not the current Solomon Islands policy to base the value of access on an agreed charge per fishing day.

The final value of the EC single financial contribution to Solomon Islands under the Fisheries Partnership Agreement will be an annual amount based *i)* on the reference tonnage agreed (or alternatively the value given to the number of days negotiated) as discussed above and *ii)* a specific amount for the support and implementation of Solomon Islands sectoral fisheries policy to be agreed during the negotiation. This specific amount shall be an integral part of the single financial contribution. It is to be determined during the negotiations. It is important to remember that Solomon Islands have not been granted such specific additional amount under the current protocol. The main reason is that the agreement with Solomon Islands has been initialled before the adoption of the 2004 Council conclusion on the reform of fisheries agreements.

4.7.5. What conditions governing fishing activities by EC vessels in the waters of Solomon ?

The main conditions listed in the Annex to the current protocol should remain the same, in particular the exclusion from Solomon Islands archipelagic waters, the compulsory distance from FADs, financial participation to the Observer Funds, the reporting and licensing arrangements.

Solomon Islands and the EC may consider removing the clause on embarkation of Solomon Islands seamen. Lessons from other agreement prove that this type of constraint never work on tuna vessels which hardly know in advance in what port the current fishing trip will end. Failure to comply with this clause and determination of compensatory payments often gives rise to controversy and increase the administrative burden for both parties. If Solomon Islands seamen present some competitive advantages in terms of skills or salaries compared to crewmen from other third countries, the EC shipowners will naturally recruit them onboard their vessels.

More importantly, a next protocol should include the application to the EC fleet of the recently agreed measures by the Parties to the Nauru Agreement (such as high seas pockets³⁸ closure, periodic FAD bans, 100% observer coverage and catch retention) under the 3rd implementing arrangement. The next protocol should make specific reference to these measures or simply state that additional conservation and management measures agreed by PNA should be strictly adhered to. The financial contribution of EC shipowners to the Observer Funds should be revised upward to account for the new coverage requirements imposed by both PNA countries and the WCPFC.

³⁸ Note that the high-seas pockets closure imposed by PNA as part of their licensing conditions is currently challenged by operators of some Distant Water Fishing Nations (incl. Spain) on the ground that Coastal States have no rights to impose conditions applying in the high-seas. However, a legal expertise conducted by FFA confirms the opposite.

CONCLUSION

The Fisheries Partnership Agreement with Solomon Islands supports the deployment of 4 EC purse seiners in the WCP area, but overall failed to achieve its objectives. Although the small size of the European fishing fleet concerned was not expected to bring a significant contribution to the European fisheries sector as a whole, the main interest of the Fisheries Partnership Agreement was to provide a framework for a political dialogue on fisheries issues and for support to the implementation of a Solomon Islands Fishery Industry which is much needed when the National economy needs to diversify to find alternatives to logging. The partnership did not work at all with Solomon Islands, and does not work either with Kiribati and FSM.

Nonetheless, it is estimated that both parties have an interest to conclude a new protocol. For Solomon Islands, the main interest is to maintain a relationship with the EC in the fisheries sector and try to develop further its EC export-oriented tuna processing industry. For the European Community, the main interest would be to keep a framework for a political dialogue in fisheries with Solomon Islands as well as with Kiribati and FSM under the other ongoing partnership agreements with a view to preparing a more ambitious regional agreement with the PNA countries. Given the high sub-regional level of integration of fisheries management policies, there are probably no best place in the World where the EC could implement and test the regional approach considered in the Green Paper on the reform of the Common Fishery Policy.

Should the Fisheries Partnership Agreement be renewed, it will be important that the EC does not fail again to properly implement the partnership approach promoted and implemented in all other regions of the world. The main reason for EC's failure to implement the partnership provisions is probably the lack of involvement of the Commission in the management of these Pacific agreements. The option of managing these Pacific agreements centrally from Brussels is not viable. The distance between the Pacific and Europe and the current workload of both Commission's staff and Solomon Islands Authorities prevented the organisation of meeting of the Joint Committee, as well as the required frequent informal technical meetings. In fact, only one technical meeting with Solomon Islands Authorities could be organised in two years and it was held in the margin of another international WCPCF meeting. Consequently, the EC should strongly consider having a dedicated staff stationed in the Delegation of Fiji or Papua New Guinea to monitor the Fisheries Partnership Agreements with Pacific Islands as it is the case in Morocco, Mauritania, West Africa and in the Indian Ocean. Although the total EC financial contribution for the Pacific agreements is low compared to other regions (€ 1.5 million per annum, less than 1% of EC financial commitments under all fishing agreements), there is no reasons for the EC not to comply with its partnership commitments. The presence of a dedicated staff in the Pacific would also be useful to liaise more closely with the regional organisations (WCPCF, FFA, SPC) working on fisheries management and fight against IUU fishing but also to prepare the grounds for the negotiation of a regional fisheries agreement with PNA countries, should the EC decide to follow this path.

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